

Marketing CDHPs to Women

- “HSAs free women from the burden of having to get permission from a bureaucrat in order to take care of themselves.” (*Cannon, M.F., Independent Women’s Forum, Health Savings Accounts: Making the Healthcare System Work for Women, March 2004*)
- “When women...opt for high deductible plans, they regain control of their health choices...they no longer choose a treatment because it is covered by their insurance...it sets women free.” (*Amish, N.A., Top Advances for Women’s Health, 2005*).
- “Driven by Internet research, and relationships with their own bodies, [women] will make new decisions, radical decisions, often highly cost effective decisions, but decisions with a new female paradigm of health and wellness.” (*Amish, N.A., Top Advances for Women’s Health, 2005*).

How, in General, is Maternity Care Covered?

- **Maternity as a covered benefit**
 - YES in most employer-sponsored group plans
 - NO in most individual market plans
- **Cost sharing**
 - Deductible
 - Coinsurance and co-pays
 - OOP maximum
- **Provider network**
- **Benefit limits/exclusions**

How Does Your Policy Work?

- **High degree of variation in policies**
- **What costs count toward deductible, OOP?**
- **What authorization rules/penalties?**
- **When does family coverage begin?**
- **Complications of pregnancy covered?**
- **Vague or confusing terminology**
- **Fine print**
 - **“THIS AGREEMENT SHOULD BE READ AND RE-READ IN ITS ENTIRETY”**

What Does It Cost to Have a Baby? It Depends on...

- **Medical needs and complications**
 - **Complications affect 1/3 of all pregnancies**
 - Will complications be covered?
 - Additional medical needs hard to predict
- **Timing of pregnancy**
 - Will one or two plan-years of coverage apply?
 - Year 2 credit for Year 1 cost sharing?
- **Insurance**
 - Covered benefits
 - Cost sharing
 - Other reimbursement rules and limits
- **Billed vs. approved charges**

What are CDHPs?

- **High cost sharing**
 - Annual deductible
 - \$1,000 self / \$2,000 family
 - \$5,000self / \$10,000 family
 - Annual OOP
 - \$5,000 self / \$10,000 family
 - no limit
- **Promote prudent health spending choices**
 - Reinforcing info on provider cost and quality
- **Lower premiums**
 - 24% for single coverage (~ \$1,000/year)
 - 31% for family coverage (~ \$3,600/year)
- **Some can be combined with tax-preferred savings**
- **Pre-deductible coverage for preventive services**
- **3 million enrolled** (2% of those with ESI)

Federally Tax Qualified CDHPs

- **Cost sharing standards**
 - Minimum deductible of \$1,100/\$2,200 (2007)
 - First dollar coverage for limited preventive care
 - Deductible applies to prenatal care
 - Maximum OOP is \$5,500/\$11,000 (2007)
 - Only for in-network
 - Non-network OOP may be same, higher or unlimited
 - No “per person” deductible or OOP allowed in family policies
 - Carryover credit for prior year cost sharing problematic
- **Covered benefit standards**
 - None
- **Employer/individual HSA contributions tax free**
 - Average employer contribution = \$1,600

Study Methods

- Analyzed clinical practice guidelines from ACOG and AAP for recommended services during routine pregnancy, vaginal and c-section deliveries, and pregnancy with gestational diabetes
- Constructed cost estimates for recommended prenatal care, services during vaginal and c-section deliveries, as well as pregnancy with gestational diabetes based on claims sample of 106 pregnancies covered by Maryland Health Insurance Plan (MHIP)
- Obtained features of 1 traditional health insurance policy (FEHBP) and 12 CDHPs sold in small group, individual markets, FEHBP
- Examined deductibles, cost sharing levels, OOP caps for in-network and out-of-network care
- Applied plan features to 3 different clinical scenarios, with MHIP allowable charges as cost base
- Calculated potential OOP costs for 3 clinical scenarios under each of the plans

Figure 8

Cost Estimates of Pregnancy Using MHIP*

	Billed Charges	Allowed Charges
Prenatal care, vaginal delivery, postpartum	\$14,484	\$9,660
Prenatal care, C-section delivery, postpartum	\$18,706	\$12,453

* Cost estimates constructed by authors by applying claims data from sample of 106 MHIP pregnancies to various pregnancy scenarios.

Three Pregnancy Scenarios

1. Uncomplicated vaginal delivery; pregnancy in one calendar year; all care in network; family coverage
2. Uncomplicated c-section delivery; pregnancy spans 2 years; out-of-network anesthesiologist balance bills; family coverage
3. Pregnancy spans 2 years; complications (gestational diabetes, pre-term labor in year 1, NICU in year 2); all care in network; family coverage

Figure 10

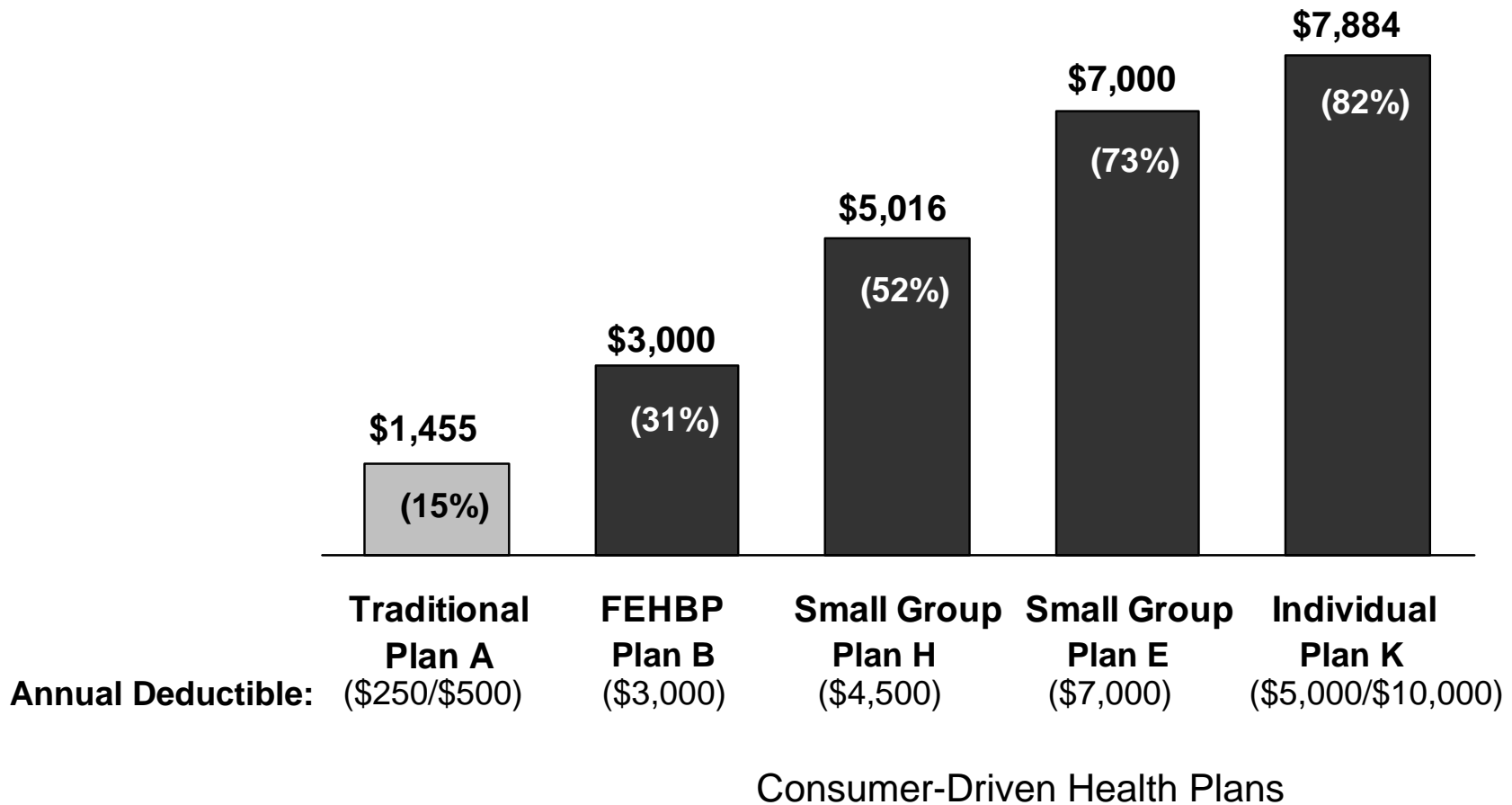
Features of Selected Plans

Traditional Plan		Consumer-Driven Health Plans			
Plan Features	Plan A FEHBP	Plan B FEHBP	Plan H Small Group	Plan E Small Group	Plan K Individual
HSA-qualified?	No	Yes	Yes	Yes	No
Cost Sharing (In-Network)					
Annual Deduct (individual/family)	\$250/\$500	\$1,500/\$3,000	\$2,250/\$4,500	\$3,500/\$7,000	\$5,000/\$10,000
Annual OOP Max	\$4,000/policy	\$4,000/\$8,000	\$5,000/\$10,000	\$4,000/\$7,500	\$7,500/\$15,000
Includes deduct?	No	Yes	Yes	Yes	Yes
Includes co-pays?	No	n/a	Yes	Yes	Yes
Cost Sharing (Out-of-Network)					
Annual Deduct (individual/family)	\$300/\$600	Same as in-net	Same as in-net	\$3,500/\$7,000	\$5,000/\$10,000
Annual OOP Max	\$6,000/policy	None	\$10,000/\$20,000	\$4,000/\$7,500	\$7,500/\$15,000
Includes deduct?	No		Yes	Yes	Yes

Figure 11

Potential Out-of-Pocket Costs for Uncomplicated Pregnancy and Vaginal Delivery

Total allowed charges = \$9,660



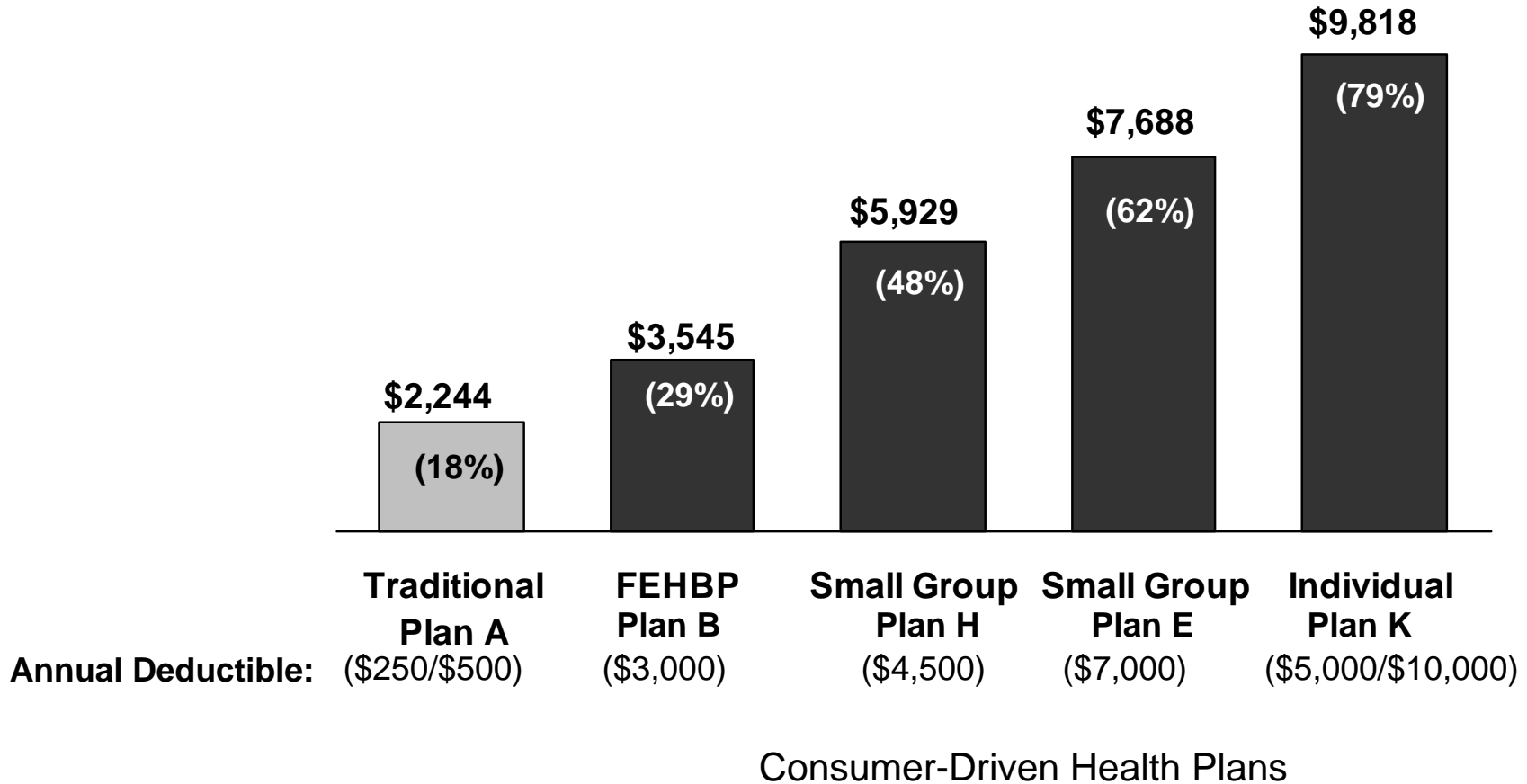
Note: In some cases, out-of-pocket costs under CDHPs may be reduced through tax-preferred contributions by employers or individuals to Health Savings Accounts.

Source: Kaiser Family Foundation, *Maternity Care and Consumer-Driven Health Plans*, 2007.

Figure 12

Potential Out-of-Pocket Costs for Uncomplicated Pregnancy and C-section Delivery

Total allowed charges = \$12,453



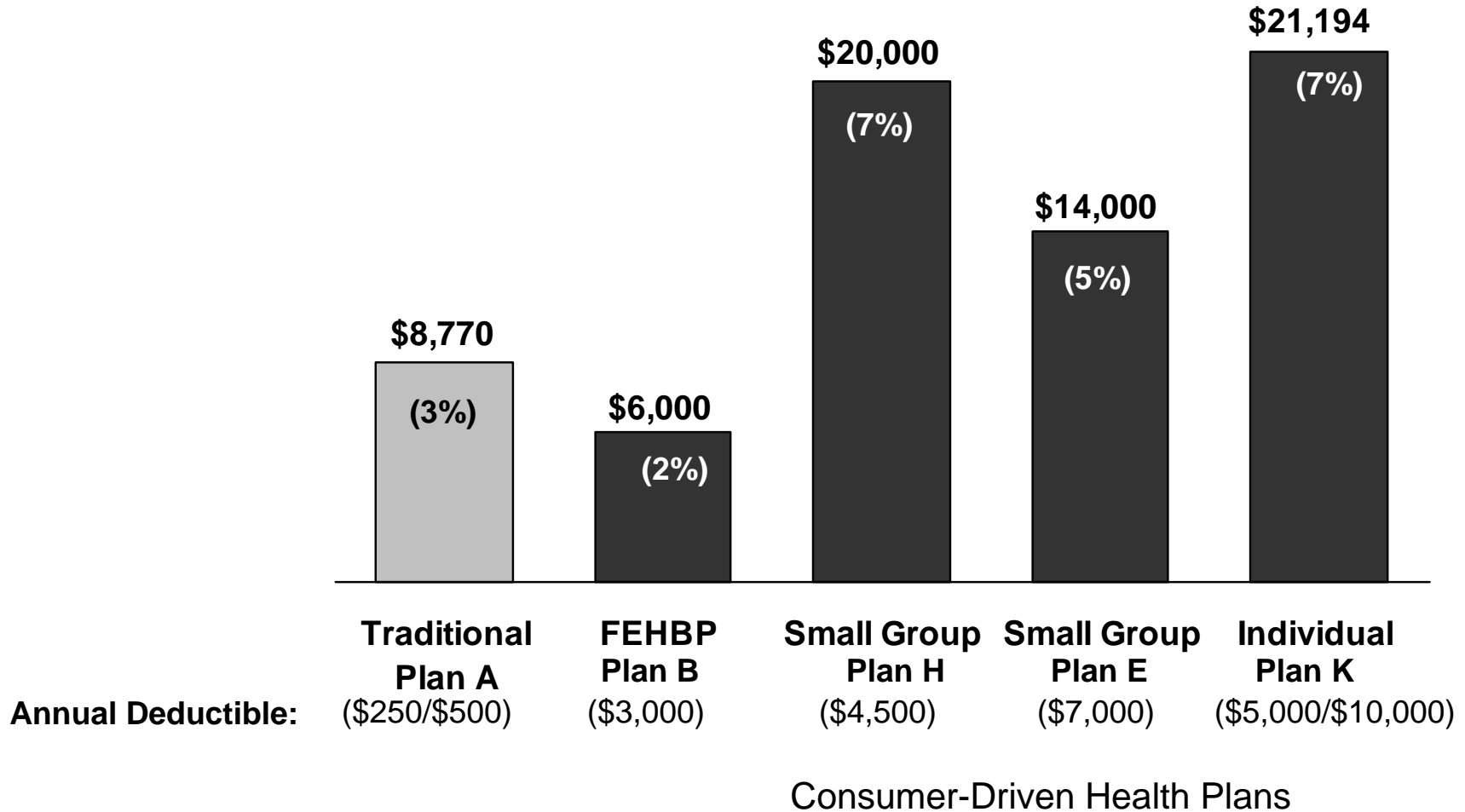
Note: In some cases, out-of-pocket costs under CDHPs may be reduced through tax-preferred contributions by employers or individuals to Health Savings Accounts.

Source: Kaiser Family Foundation, *Maternity Care and Consumer-Driven Health Plans*, 2007.

Figure 13

Potential Out-of-Pocket Costs for Complicated Pregnancy and C-section Delivery

Total allowed charges = \$287,453



Note: In some cases, out-of-pocket costs under CDHPs may be reduced through tax-preferred contributions by employers or individuals to Health Savings Accounts.

Source: Kaiser Family Foundation, *Maternity Care and Consumer-Driven Health Plans*, 2007.

Key Findings

- **Substantial financial liability for maternity care under CDHPs**
 - Much higher relative to traditional insurance
 - HSA balances may fall short, require years to accumulate
- **Financial consequences of health insurance complexity is magnified under CDHPs**
- **Prenatal care not exempted from deductibles like other preventive services**
- **For consumers to be in driver's seat:**
 - Greater standardization of policies to reduce uncertainty, hidden costs
 - Marketing materials should include medical scenarios to illustrate potential financial liability