Innovations in Consumer Driven Care

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Engaging Consumers

- Shared decision making
- Case management
- Health ‘navigators’
- Benefit design
Growth in cost sharing

Cumulative Increases in Health Insurance Premiums, General Annual Deductibles, Inflation, and Workers’ Earnings, 2011-2016

NOTE: Average general annual deductible is among all covered workers. Workers in plans without a general annual deductible for in-network services are assigned a value of zero.

Insurance Balances Risk with Incentives
Why the cost sharing?

- To lower premiums ✗
- To tax the sick? ❓
- To improve incentives ✓
  - Reduce ‘excess use’
  - Without generating underuse
  - Encourage price shopping
Three Problems

- High prices
- Over use
- Under use
Patients Respond to Cost Sharing

Consumers are not Great Shoppers

- Reductions in appropriate use same as for inappropriate use (Sui et al. 1986)
  - Copays reduce use of preventive services
  - Copays reduce use of ‘valuable’ pharmaceuticals
Benefit Design Innovations Involve Nuance

- Personalized medicine meets benefit design

Novel Benefit Designs
Evaluation of a Tiered Network

Figure 3: Predicted Probabilities That the TN Steered Patients from Nonpreferred to Middle and Preferred Hospitals

Notes: The main analysis includes all admissions after sample exclusions. The falsification test includes ED admissions identified by the admission source variable provided by BCBSMA. Figures are presented with 95 percent confidence intervals generated through bootstrap analyses.

Patients Choosing High-Price Or Low-Price California Hospitals For Knee Or Hip Replacement Surgery, 2008-12

Referencing pricing implemented

CalPERS low-price hospitals

Anthem low-price hospitals

Anthem high-price hospitals

CalPERS high-price hospitals

Percent of patients choosing

2008 2009 2010 2011 2012*

Impact of VBID on Adherence

You know what word I'm not comfortable with? Nuance
Impact of Price Transparency

Price transparency tools are not associated with lower outpatient spending:

- Low utilization of the tool
- Benefit design not optimized to leverage transparency
- Patients listen to doctors

Everything is Relative

- We want
- We have
- We can build