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Making “Cents” for the Patient: Improving Health Care through Consumerism

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INTRODUCTION

Considerable attention has been drawn to the ballooning influence of consumerism in U.S health care delivery over the past few years. The idea that patients—i.e., consumers—should be given more purchasing power and, consequently, individual responsibility over the utilization of health care services that relate to them has translated into a redesign of health insurance benefits: consumers now bear more out-of-pocket health-related expenses (through high deductibles) before cost-sharing with the insurer kicks in. These high deductible health plans (HDHP) can be coupled with a health savings account (HSA) or health retirement account (HRA)—or so-called consumer directed health plans (CDHP)—and have predominantly manifested in the employer-sponsored market and insurance exchanges, both public and private. According to recent analysis, more than 30% of workers are currently enrolled in an HDHP^{1,2} and nationwide out-of-pocket health care spending grew by 40% from 2010 to 2014.³

IMPETUS FOR INCREASING CONSUMERISM

By shifting the “first dollar risk” through these structures to patients, the hope is that they will become more conscientious

and engaged in decisions about which drugs (generic vs. name-brand), treating clinician (specialist vs. primary care), or treatment setting (inpatient vs. outpatient) is the most appropriate to use.⁴ In theory, this should help check health care costs by incentivizing the use of lower-priced options and reducing unnecessary variations in health care utilization.⁵

It is worth mentioning that this pivot toward consumerism has occurred in step with an increasing reorganization of health care delivery and payments around value—i.e., value-based care—as opposed to a per unit volume of services, or fee for service. The unifying theme is that with health care spending rising uncontrollably, in both a relative (almost 18% of the 2016 U.S GDP) and absolute sense (up to \$3.3 trillion in 2016),⁶ a dramatic shift in the economic model of health care delivery (the supply side) and the culture of health care consumption (the demand side) is necessary. With regard to the former, the spate of nontraditional entrants into the health care landscape (Amazon, J.P. Morgan, and Berkshire Hathaway)⁷ and structural realignments (CVS with Aetna, DaVita with UnitedHealth)⁸ over the past year suggests that this recalibration is already underway. In the present paper, we will attempt to posit a path forward for a sustainable retail orientation to health care delivery.⁹



Drivers of consumerism include rising health care costs and generational attitudes toward convenience and having the ability to personalize life choices.

AVAILABLE LEVERS TO INCREASE CONSUMERISM

Despite the presence of clear economic and moral drivers for consumerism, significant changes will be needed before it takes hold in a health care delivery sector that has traditionally been paternalistic. Specifically, existing levels of health information portability (i.e., ease of health information transfer), consumer health literacy, and transparency in the price and quality of services provided need to be increased.¹⁰ However, the mere provision of increased access to the aforementioned is necessary but not sufficient to institute a meaningful change in consumer behavior, as evidenced by the results of 2017 nationwide survey of almost 3,000 non-elderly adults who sought care in the preceding year.¹¹ The authors discovered that despite the availability of price information and general public support (72%) for price-shopping for care, only a small fraction (13%) of respondents shopped for out-of-pocket costs.¹² In addition, two other studies from 2017 revealed that employees who were moved to HDHP found little or no reduction in spending on office visits, laboratory tests, or preventive care.^{13,14}

It is clear that quality and cost data need to be labeled and disseminated in a format that is easy to understand, actionable, and minimizes misinterpretations.¹⁵ In other words, at the point of purchase, patients should be provided with the tools to enable them shop around for the care that best serves their needs. A recent study involving a measure of search behavior among employees who had not met their deductible found a reduction in spending by 10–17% among price shoppers.¹⁶ Another great example is the publicly reported star-rating system currently used to scrutinize health plans in the Medicare Advantage program and that has been associated with stronger enrollment, by new beneficiaries, in higher-ranked plans. The star-rating system is published by the Center for Medicare and Medicaid Services (CMS) and measures the following dimensions of health care provision:

patient experience, access, care processes, intermediate outcomes, and outcomes. On a five-point (or star) scale, there was a 9.5% increase in enrollment per one point (or star) increase.¹⁷

Tools that work to improve the quality of decision-making and provide incentives that encourage smarter “health care shopping” will also be crucial as we move forward. It is widely agreed that fiscal incentives can be a powerful lever for behavioral change, if harnessed well. Creating arrangements whereby consumers get to keep a portion of any savings generated from utilizing a lower cost option would go a long way toward engaging the public in health system changes.¹⁸ Not least, it will also be necessary to reframe consumer perceptions—and biases—about the utilization of health care. More care is not always better care, a higher price does not always signify higher quality, and physician-patient interactions should always be centered on the needs of the patient.¹⁹

CHANGES UNDERWAY TO HEALTH CARE DATA MANAGEMENT

Reassuringly, some of these changes are already taking hold. Apple Inc. recently announced that its iOS platform will include a feature that allows patients to access their electronic health data, in a user-friendly format that spans multiple hospital systems, on their personal electronic device.²⁰ In other words, for the first time, consumers will now be able to own a portable medical record. Several leading health systems (Johns Hopkins, Geisinger, Penn Health) have come forward in support of this iOS feature and are among the first to enable patients to access their respective records through it. It remains to be seen whether wide-scale adoption of this platform will occur given apprehensions over possible market-share cannibalization, i.e., losing patients to competitors.

Also of note, the digitized health record available to consumers was designed to be compliant with Fast Health Care Interoperability Resources (FHIR), an industry standard for structuring and

Making cost and quality data of shoppable services available to consumers in a format that is timely, actionable, and easy to interpret will be critically important.

exchanging health data across health care platforms or applications.²¹ The CMS and Veteran’s Administration (VA) have also leveraged the FHIR platform to grant respective beneficiaries online access to their health records and the ability to share their claims data with third party applications, health systems, and research entities.²²

POINTS OF CONCERN WITH CONSUMERISM

Barriers often raised against health care consumerism include the following:

- a) patients rarely have to pay the full “sticker price” for health care due to the existence of insurance coverage, thereby creating a “moral hazard” by consuming more care;
- b) it can be difficult to navigate the extremely complex U.S. health care system; and
- c) there is considerable knowledge asymmetry between providers and patients with regard to treatment plans and medical diagnoses.²³

Furthermore, consumers often seek advice from specialists who stand to directly gain financially from the provision of the service in question—i.e., the specialist charges a fee for the service. It is easy to see how supply-side incentives can be distorted in this context (i.e., health provider induced-demand). Health care consumerism works best in situations where the treatment course or service to be utilized is discrete and clear—e.g., diagnostic imaging, lab tests, cataract surgery, or outpatient colonoscopy. In these situations, consumers can focus on pursuing the lowest cost, high-quality provider or option. Consumerism is much less helpful when patients are not well informed or providers earn more for prescribing higher cost treatments.

Currently, private health insurance companies only sell policies that cover consumers for just one year. As a result, insurers and employers have very little incentive to encourage or counsel optimal

preventive care for, for example, heart disease among younger, low-wage workers given the high turnover in this group. This is because any savings resulting from preventive care will accrue to the insurer covering these individuals 20–30 years in the future, likely under Medicare. Implicit in consumer-directed health care is the idea that patients and their wishes should always be at the center of it.²⁴ This ideally extends beyond making more information available and offering flexibility in choices. What if consumers were able to contract with independent advisory physicians for assistance with their complex medical decisions? This might create a situation whereby the advisory physician has a fiduciary responsibility to always maximize the health state or utility of the consumer. It also might enable a more nuanced understanding of a consumer’s values and beliefs as they apply to health care utilization.

CONCLUSION

Lastly, we live in a world where an individual’s discretionary choices (food, clothing, travel) are increasingly driven by convenience and amenability to control—e.g., online shopping—and the prevalence of mobile apps. These attitudes will only heighten with future generations and it should come as no surprise that they greatly influence how people interact with the health care sector. The increasing prevalence of walk-in clinics, patient experience/satisfaction surveys, online physician reviews, telemedicine, and concierge medicine speak to this. More importantly, they add an air of permanence to the present consumerism movement.

Ongoing efforts to increase the interoperability of personal health information are concrete steps that will increase levels of consumerism.

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