Onus of rising health costs on consumers, too April 26th 2002

It is projected that the "cumulative" increase to employer-based health insurance premiums, over the next three years, will be in excess of 50%.

Unfortunately for many small employers a double-digit rate increase can sometimes be an annual event.

One of the underlying reasons for these increases is not the result of an increase in the fees charged by the providers, but by the increase in health care utilization by consumers.

Compounding this consumer demand are the costs associated with the utilization, such as, defensive medicine, which fosters testing and other unnecessary procedures; office co-pays that make use of the health care system nearly inconsequential to the insured as to what quantity of services they consume; mandated benefits, increasing life expectancies, and drug advertising.

And then you have to add in that, reportedly, 50% of inpatient care in the U.S. is unnecessary and the preference of using Emergency Rooms to deal with non-urgent health needs due to the sheer convenience and access to multiple services at a single location.

In addition, employers are finding that if the monthly premium paid by the employee is high there is a greater degree of unnecessary utilization.

The rationale from employees is that if they are paying for the policy then they are going to use it.

An alternative employed by some firms is to increase the deductibles, co-pays, and co-insurance percentages.

While these options tend to decrease the premiums and shift some of the cost of health care to the employees it also reduces the amount of "discretionary" utilization.

Statistical data has shown that by changing the office copay from $10 to $20, for example, can reduce the frequency of office visits by as much as 30%.

In a recent survey by *American Demographics* an issue on consumer utilization provided some interesting and thought provoking statistics.

Over 85% of health care consumers believe they are entitled to the best possible medical care, regardless of cost.

In their response as to whether money should be no object when it comes to health care, 88% of the women and 79% of the men agreed with the statement.

Over 97% agreed that the cost of treatment alone is never a valid reason to deny coverage and 76% said it is improper to deny coverage that will not significantly lengthen the patient's life.

And, 66% disagreed with the concept of placing caps on the cost of medical coverage for patient's for whom death is imminent or obviously near.

However, only 18% completely agreed that their current medical coverage provided them with the best possible care, regardless of cost.

And, still at the other end of the spectrum, 54% said that it was acceptable to deny coverage for cosmetic treatments, 40% said it was acceptable to refuse payment of treatments that would not significantly improve the quality of life and 38% said it was justifiable to deny coverage of experimental treatments.

Considering these kinds of responses I cannot imagine anyone placing odds on managed care staying "as is" or the health care industry coming to a common consensus in the very near future, while having to deal with such contradictory rationale.

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