Healthcare and Health Insurance Choices: How Consumers Decide

CONSUMER SURVEY • FALL 2016

FAIR HEALTH®
Know Your Source

Despite the growing importance of healthcare consumerism, relatively little is known about consumer attitudes and practices related to choosing healthcare and health insurance. A recent survey commissioned by FAIR Health uncovered the following surprising results:

- Health insurance basics are learned too late. Seventy-six percent of respondents felt the best life stage for consumers to gain an understanding of health insurance was before or during high school or college.

- Nearly 60 percent of respondents were willing to travel great distances—50 or more miles—to save at least 50 percent on the cost of their treatment for a serious health condition.

- Men spend more time researching health options than women—by a two to one margin.

- People spend more time researching lifestyle choices like vacation planning than exploring medical and dental coverage options.

- Healthcare nonprofits are a trusted source of healthcare cost information, just behind medical groups and hospitals.

The survey that produced these results was conducted for a specific purpose. Building on the success of our award-winning consumer transparency website, FAIR Health, with the support of the New York State Health Foundation (NYSHealth), is creating the New York Healthcare Online Shopping Tool (NY HOST) to provide New York residents with price and provider quality information on a pilot basis in 2017. To help shape the content offered by NY HOST, FAIR Health commissioned the respected survey research organization ORC International to conduct a survey throughout the continental United States asking a representative sample of adults, ages 18 and older, about how they make decisions related to healthcare treatment, costs and insurance.[1]

METHODOLOGY

This survey was conducted April 28-May 1, 2016 by ORC International's Telephone CARAVAN®. The study used two probability samples: landline and mobile phone numbers, both randomly selected. The combined sample consisted of 1,006 adults (18 years old and older) living in the continental United States. The margin of error for the sample of 1,006 is +/- 3.09 percent at the 95 percent confidence level.

1. Support for the survey was provided by the New York State Health Foundation (NYSHealth). The mission of NYSHealth is to expand health insurance coverage, increase access to high-quality healthcare services and improve public and community health. The views presented here are those of the authors and not necessarily those of NYSHealth or its directors, officers and staff.

CONCLUSIONS

Ability to Choose Healthcare Providers and Plans

- **Consumers are confident in their ability to understand differences in costs, quality and value among healthcare providers.** Overall, 82 percent of respondents felt either “very confident” (38 percent) or “somewhat confident” (44 percent) in their ability. This finding is similar to that of a survey by the Associated Press-NORC Center for Public Affairs Research that found that 78 percent of respondents were either extremely/very confident (44 percent) or moderately confident (34 percent) that they could find healthcare quality information to help them choose a primary care doctor.[2]
- **Consumers also feel confident in their ability to understand health insurance plans, but to a lesser degree.** Consumers were slightly less confident about understanding health insurance plans: 75 percent of respondents felt either “very confident” (29 percent) or “somewhat confident” (46 percent) in that ability. The ratio between “somewhat confident” and “very confident” was higher for plans (1.6) than providers (1.2), suggesting greater uncertainty.
- **Instruction on health insurance plans should be available at an earlier life stage.** Respondents felt the best life stage for consumers to gain an understanding of health insurance was before or during high school (41 percent) or during college (35 percent). Although curricula do exist on this topic,[3] it does not appear to be widely taught in high schools or colleges. Respondents seem to feel the timing for their health insurance education might not have been optimal and that there is a current void in the educational system with respect to this relevant education.

CONCLUSION **Despite apparent confidence in their ability to choose among providers and understand health insurance plans, consumers feel that health insurance education should be made available at an earlier age than is commonly the case. The strong support for earlier instruction suggests that actual consumer confidence about understanding health insurance may be weaker than consumers report.**

Criteria for Choosing Providers

- **Among types of information proposed as most important in choosing a healthcare provider, no single type won a majority of respondents’ support.** Of the options offered, only a doctor’s education and experience came close to receiving majority support (44 percent). The remaining 56 percent of respondents were split among several other categories.
- **Communication factors combined to rank as the second most important provider selection criterion.** Twenty-nine percent of respondents cited communication-related factors—the provider’s ability to speak the patient’s primary language (15 percent)—and the patient’s ability to communicate with the provider by e-mail (14 percent)—to be the most important types of information when choosing a provider.

CONCLUSION **Consumers do not agree about what is most important in choosing a healthcare provider, perhaps because they have not previously had so much responsibility and so many sources of information for making the choice. Nevertheless, doctors’ education and years of experience were the highest-ranking criterion, followed by the physician’s ability to communicate with the patient.**

2. “Finding Quality Doctors: How Americans Evaluate Provider Quality in the United States: Research Highlights,” the Associated Press-NORC Center for Public Affairs Research, July 2014, http://www.apnorc.org/projects/Pages/HTML%20Reports/finding-quality-doctors.aspx.

3. For example, “Understanding Health Insurance,” Cornell University College of Human Ecology, 2015, http://www.human.cornell.edu/pam/outreach/programs/health_insurance.cfm.

CONCLUSIONS

Efforts to Make Healthcare and Health Insurance Choices

- **Respondents would travel to save on healthcare for a serious condition.** Despite the common perception that convenience—proximity to home or work—is a major factor in choosing a provider, respondents indicated that cost could outweigh that factor. Nearly 60 percent of respondents reported that they would travel 50 or more miles to save at least 50 percent on the cost of their treatment for a serious health condition.
- **Men report spending more time researching health options than women.** Contrary to the common belief that men tend to ignore symptoms and delay seeking healthcare, men spend twice as many hours per year (40.8 hours) as women (20.5 hours) researching health symptoms, diagnosis and treatment. They also spend more time than women researching health or dental insurance coverage and doctors or dentists, as well as such non-health-related topics as a new house or apartment, a car or a vacation. (Responses of zero hours were excluded.)
- **More research time is spent on planning a vacation (24.7 hours) than choosing health or dental coverage (23.5 hours) or selecting a doctor or dentist (19.5 hours).** Despite the importance of choosing a provider or a health insurance plan, those choices receive less research time per year than planning a vacation, buying a car or acquiring a new house or apartment.

CONCLUSION **Consumers are willing to expend time on travel to save money on healthcare, but not necessarily willing to spend much time researching healthcare decisions. That may be because they do not fully understand the consequences of plan and provider selection. It also may be due to a lack of awareness about available resources, or the lack of understandable, accessible healthcare information comparable to the information available on vacations, cars and housing. Improved accessibility to, and quality of, information sources might lead to greater time spent researching healthcare decisions.**

Need for Reliable Healthcare Cost Information Sources

- **The need for information on healthcare costs is great.** Twenty-nine percent of respondents reported that they or someone in their household are being treated for a chronic disease. Ninety-one percent said they had some form of health insurance, suggesting an appreciation of the relationship between health insurance and healthcare costs.
- **Consumers are divided about the most trusted source for information on healthcare costs.** Overall, none of the proposed cost information options garnered more than a third of respondents' support. Medical groups/hospital organizations, healthcare nonprofit sources and friends/family each were chosen by fewer than 30 percent of respondents (respectively, 26 percent, 24 percent and 21 percent). Only 13 percent chose a government agency and 5 percent chose a media and news organization.
- **Healthcare nonprofit organizations are a trusted information source.** Overall, healthcare nonprofit sources were selected as a close second choice to medical groups/hospital organizations as a trusted source of cost information. Consumers ages 36 to 70 years most frequently selected healthcare nonprofit sources as their most trusted choice.

CONCLUSION **Although consumers have a strong interest in acquiring information about healthcare costs, they are divided about the best source for that information. That may be because healthcare consumerism is new enough that consumers are not yet settled as to the most trustworthy information source. Healthcare nonprofit sources are favored, however, as one of the two leading contenders.**

IMPLICATIONS FOR POLICY MAKERS

Responses to this survey provide constructive guidance for those in a position to influence healthcare, health insurance and educational policy in ways that can help healthcare consumers.

Ability to Choose Healthcare Providers and Plans

Teach consumers about health insurance basics at a younger age. The vast majority of respondents believed that knowledge of health insurance should be acquired during an individual's high school or college years. There appears to be value in including health insurance instruction in the academic curriculum. Because the first time most people need to make health insurance decisions is when they enter the workforce, high school years would be an opportune time to reach the largest number of future healthcare consumers.

Criteria for Choosing Providers

Design provider selection tools that offer information about provider education and experience. Since the survey reported that consumers placed great value on the provider's education and experience when selecting a provider, that information should be offered as a standard feature of provider selection tools.

Ensure that consumers have access to providers fluent in their primary language and to providers willing to communicate by e-mail. The survey revealed the importance consumers attach to clear and personal communication between provider and patient. Consumers preferred that providers speak their primary language and be accessible via e-mail. While e-mail is less personal than a face-to-face interaction, it creates a record of the provider's message that can be referred to if the patient did not fully understand the directives, and that can be shown to family members, caregivers and other providers. E-mail communication also allows patients to reach out to their providers outside of normal business hours, even if the response is returned during business hours, affording greater convenience and latitude to consumers and providers.

IMPLICATIONS FOR POLICY MAKERS

Efforts to Make Healthcare and Health Insurance Choices

Make information about healthcare services, especially provider-specific cost information for high-cost services, available on a regional basis. The survey showed that cost can be a significant driver in decisions about settings of care. Individuals are willing to travel to save money on medical procedures, which underscores the value of making available provider-specific cost information in an easily accessible format consumers can consult before deciding about the care setting.

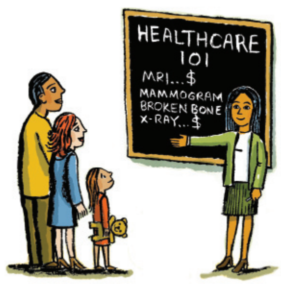
Make user-friendly information resources more readily accessible to consumers to encourage researching healthcare options. Survey responses indicate that consumers spend less time than may be advisable researching health plan and provider selection. Possibly, this is due to a lack of adequate research information. If tools and resources explaining healthcare and health insurance were promoted as heavily and made as informative and user-friendly as websites designed for car buying and vacation planning, consumers might be encouraged to spend more time researching healthcare and health insurance information to make better decisions.

Need for Reliable Healthcare Cost Information Sources

Expand the role of independent, nonprofit organizations as trusted sources of unbiased information on healthcare costs. Although survey respondents were divided as to the most trusted source of information on healthcare costs, healthcare nonprofit sources were the second choice overall and the first choice for consumers ages 36 to 70 years. This preference may be attributable to a perception that nonprofits are more objective than other sources of information, including the government and the media. Providing consumers with better access to cost transparency tools and educational resources made available by independent, nonprofit organizations can help meet the demand for healthcare cost information that consumers can trust.

SUMMARY

The survey responses indicated that consumers' interactions with the healthcare and insurance systems are more complex than might be expected. Their varied attitudes and behavior are apparent in four key areas:



1. How equipped consumers are to make choices about healthcare and health insurance.

Consumers claim to feel confident about how to choose a doctor or health plan, but they also suggest they could have benefited from learning about health insurance at a stage much earlier than it is commonly taught. Thus, actual consumer confidence about understanding health insurance may be weaker than consumers report.

2. What criteria consumers apply for choosing healthcare providers.

Of the choices presented in the survey, no single criterion for choosing healthcare providers was regarded by a majority of respondents as most important. Doctors' education and years of experience were most often cited as most important, followed by a combination of communication-related factors.

3. How much effort consumers put into making healthcare and health insurance choices.

Consumers are eager to save money on healthcare, but not necessarily willing to spend much time researching before they make healthcare decisions. This apparent inconsistency may be due to a lack of understandable, accessible healthcare information.

4. Where consumers obtain information about healthcare costs.

Consumers are divided about the best source for healthcare cost information. It may be that consumers are not aware of the range of sources, do not expect costs to vary or have not yet decided upon the most reliable information source. Healthcare nonprofit organizations are favored, however, as one of the two leading sources.

SUMMARY

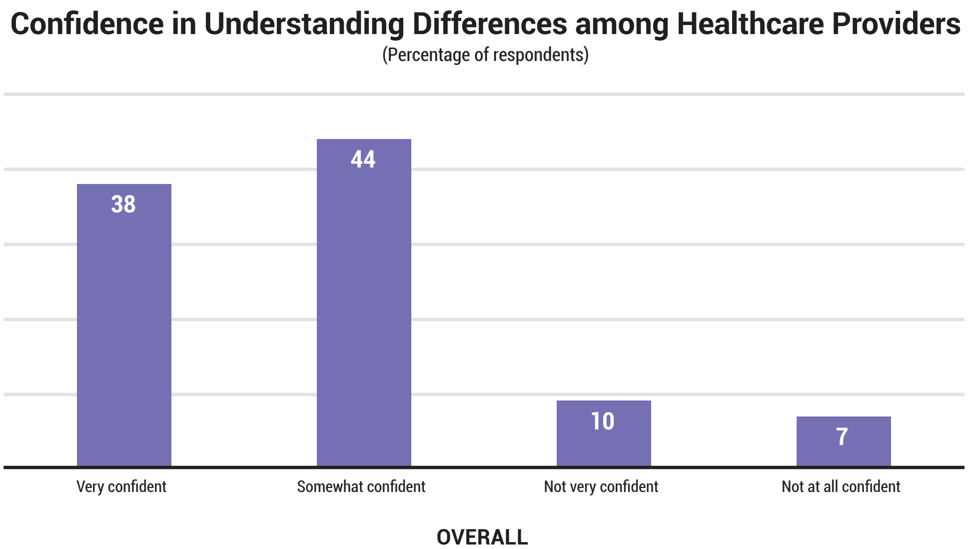
Responses to the survey indicate that consumers have not yet fully adjusted to their increased decision-making responsibilities in an evolving healthcare and insurance environment. The Affordable Care Act (ACA) and state legislation have helped provide millions of Americans with access to health coverage, many for the first time—and have made it more important than ever for them to know how to choose among health plans. High-deductible health plans, narrow networks and other changes in insurance benefit design, along with more complex cost-sharing responsibilities, place a greater burden than before upon consumers to know how to shop for the best healthcare value. Alternative care settings, such as urgent care centers and retail clinics, have widened the range of healthcare choices. FAIR Health's report sheds light on consumers' attitudes and practices as they make their decisions about healthcare and health insurance in the midst of a changing healthcare system. From this report, it may be concluded that more and better sources of healthcare and insurance information will help consumers make better decisions.

Ability to Choose Healthcare Providers and Plans

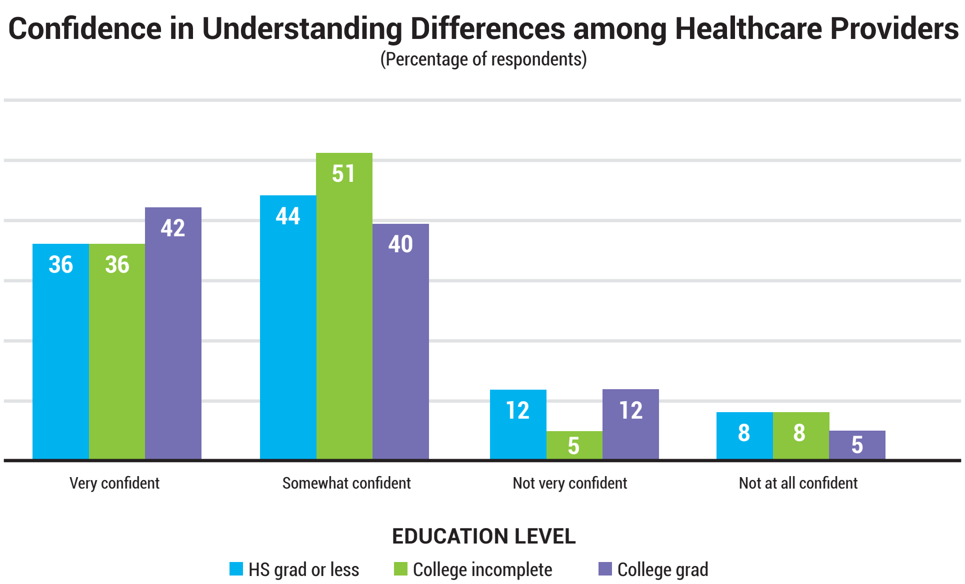
QUESTION: *How confident do you feel in your ability to understand differences in costs, quality and value among different doctors, hospitals or clinics?*

Percentages in this section may not total 100 because of rounding and because the charts do not include respondents who answered "Don't know" or refused to answer.

Eighty-two percent of respondents felt either "very confident" or "somewhat confident" in their ability to understand differences in costs, quality and value among healthcare providers.

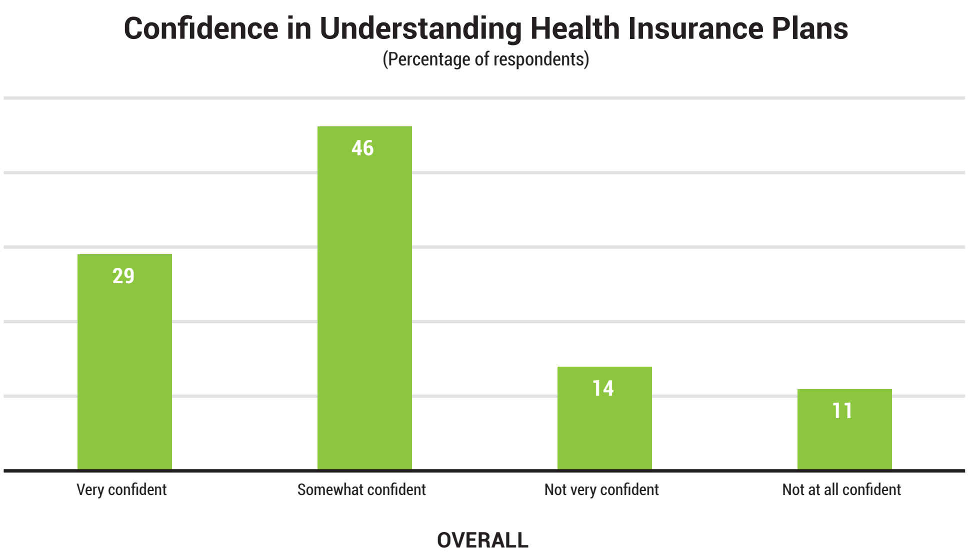


College graduates were more likely than those with less education to feel "very confident" in their ability to understand differences in costs, quality and value among healthcare providers.

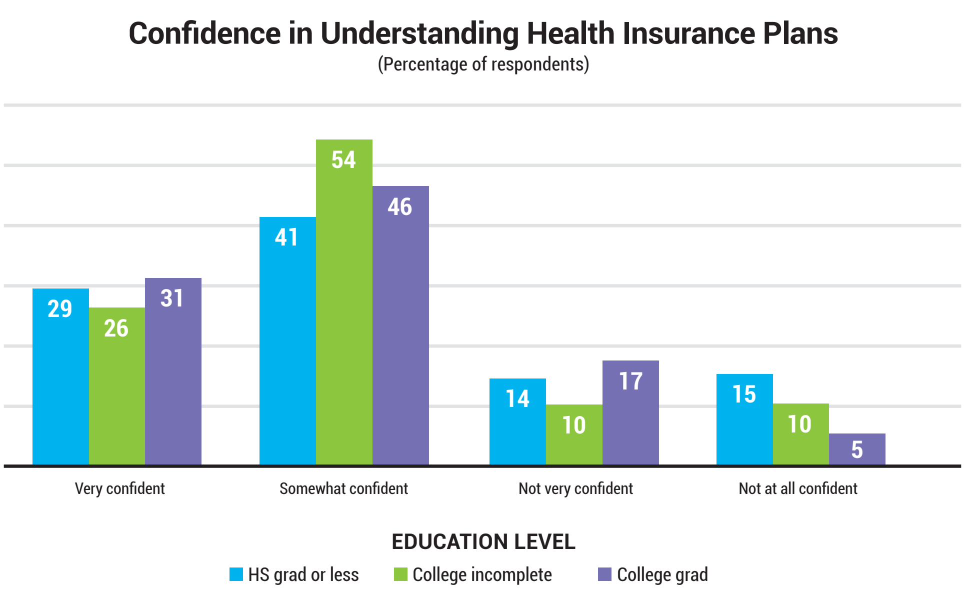


Ability to Choose Healthcare Providers and Plans

QUESTION: *How confident do you feel in your ability to understand health insurance plans?*



Seventy-five percent of respondents felt either "very confident" or "somewhat confident" in their ability to understand health insurance plans. Though still high, this rating was lower than the percentage who felt such confidence in choosing providers (82 percent). The ratio between "somewhat confident" and "very confident" was higher for plans (1.6) than providers (1.2), suggesting greater uncertainty about plans.

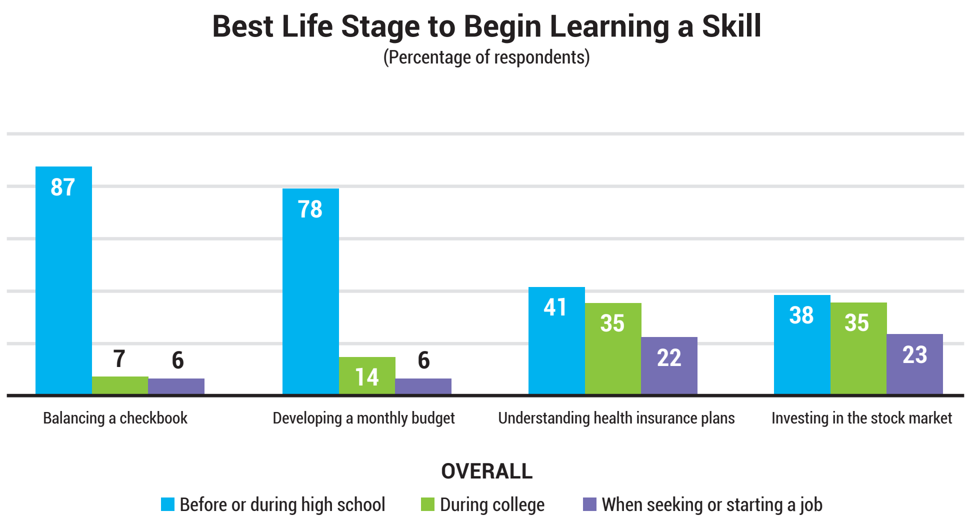


Although college graduates were more likely than those with less education to feel "very confident" in their ability to understand health insurance plans, the gap in this response between college graduates and those with a high school education or less was small.

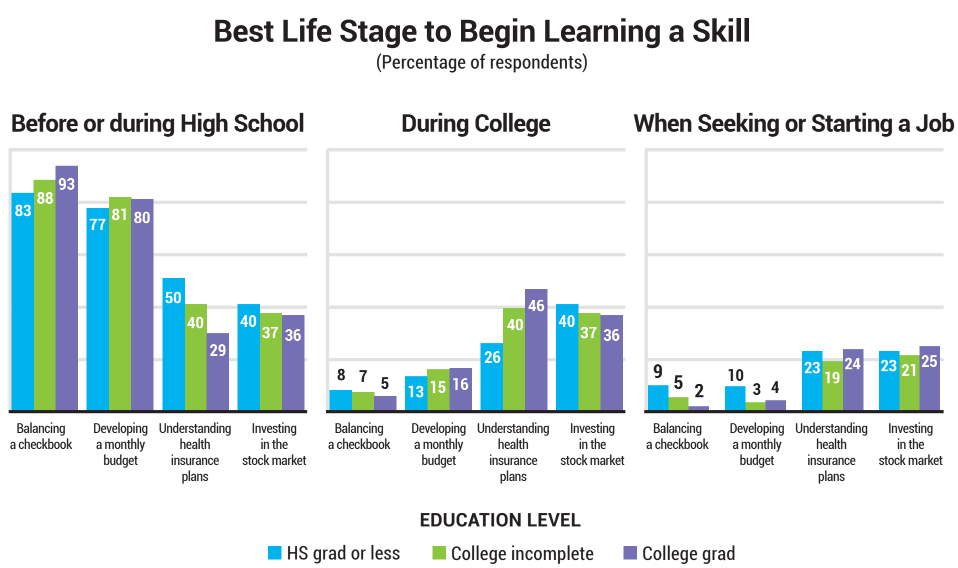
Ability to Choose Healthcare Providers and Plans

QUESTION: *I'm going to read you a set of skills. As I read each one, please tell me at which life stage you feel it is best to begin learning the skill.*

Seventy-six percent of respondents felt that people should begin understanding health insurance plans in college or earlier. Forty-one percent believed the skill should begin to be acquired during high school or earlier.

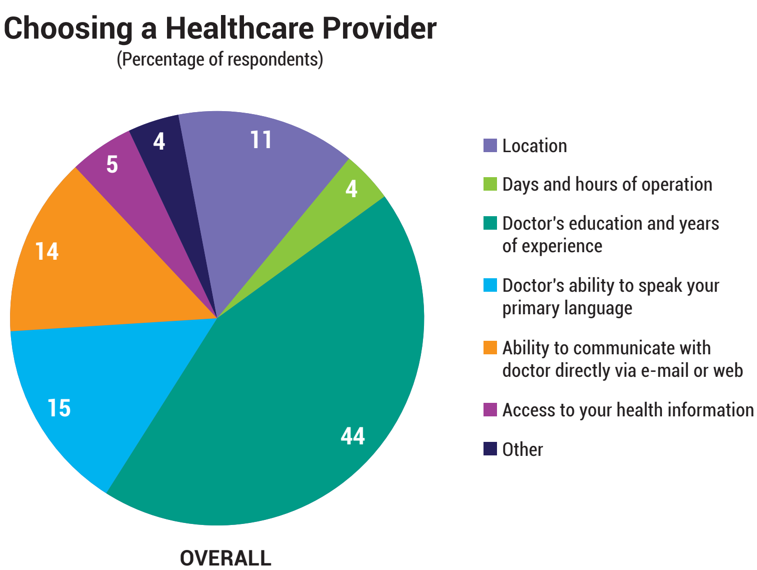


Respondents with a high school education or less were the most likely to feel that people should begin to understand health insurance plans before or during high school—suggesting that they regard it as an essential skill.

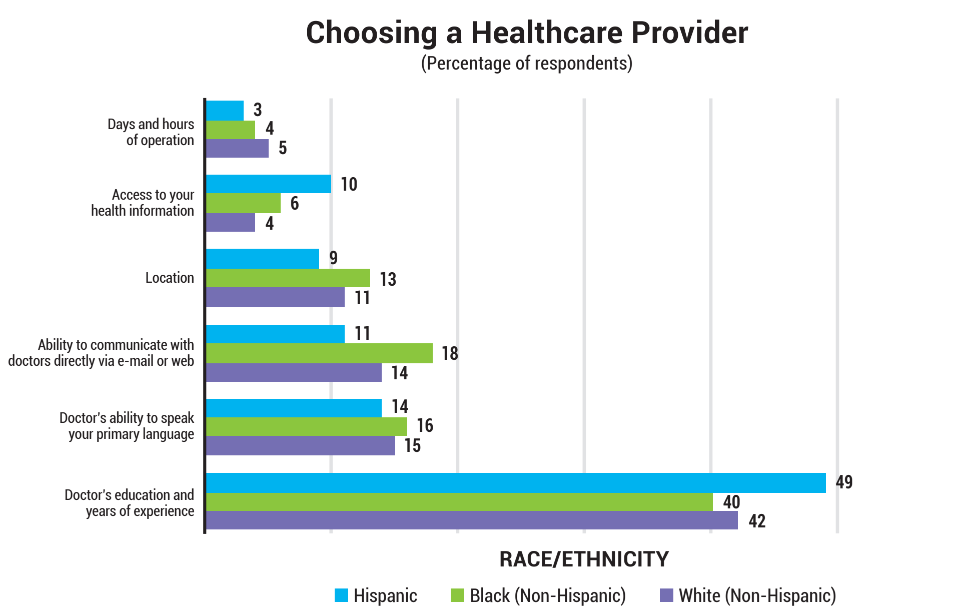


Criteria for Choosing Providers

QUESTION: *What is the most important type of information when choosing a doctor, hospital, clinic or other type of healthcare provider?*



Doctors' education and years of experience were the most important type of information when choosing a healthcare provider (44 percent), followed by a combination of communication-related factors (29 percent)—doctors' ability to speak the consumer's primary language, and the consumer's ability to communicate with the doctor directly via e-mail or web.

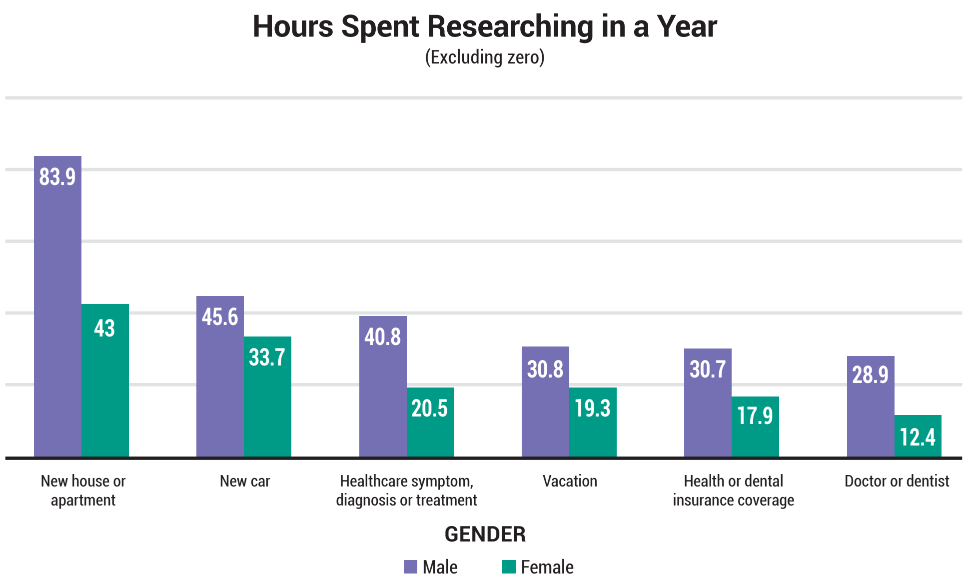


Compared to non-Hispanic blacks and whites, Hispanics were especially likely to value doctors' education and experience even more than the doctors' ability to speak the consumer's primary language.

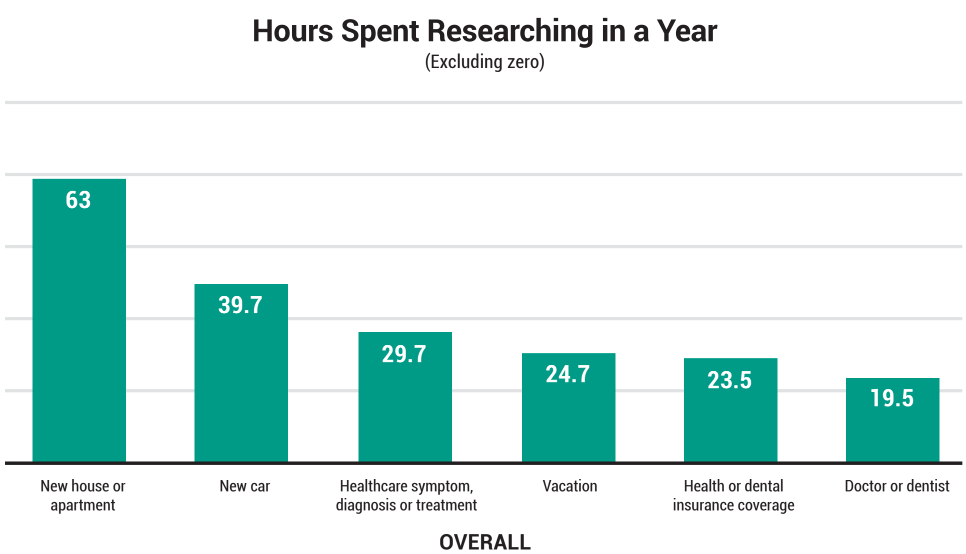
Efforts to Make Healthcare and Health Insurance Choices

QUESTION: *Approximately how many hours in a year would you spend, or have you spent, researching the following?*

Men reported spending twice as many hours per year as women researching healthcare symptoms, diagnosis or treatment. They also reported spending nearly twice as many hours per year researching health or dental insurance coverage, and more than twice as many hours per year researching doctors or dentists.

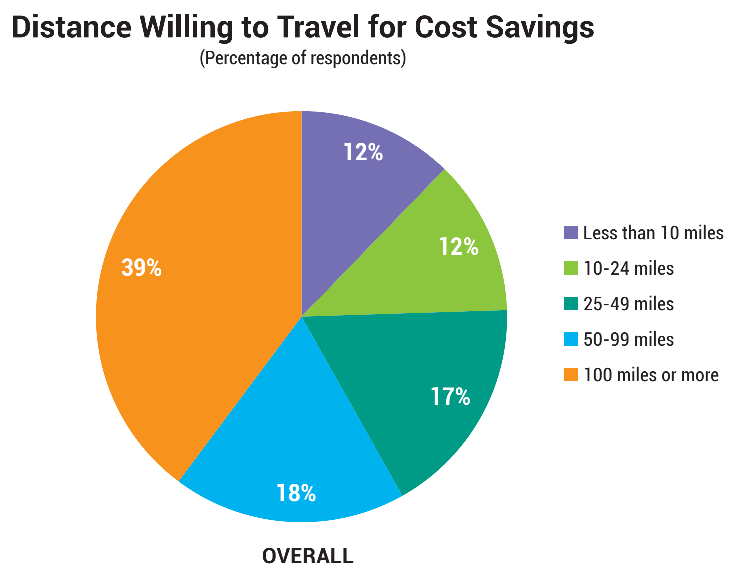


Overall, respondents reported spending more time researching a vacation than researching health or dental insurance coverage, or doctors or dentists.

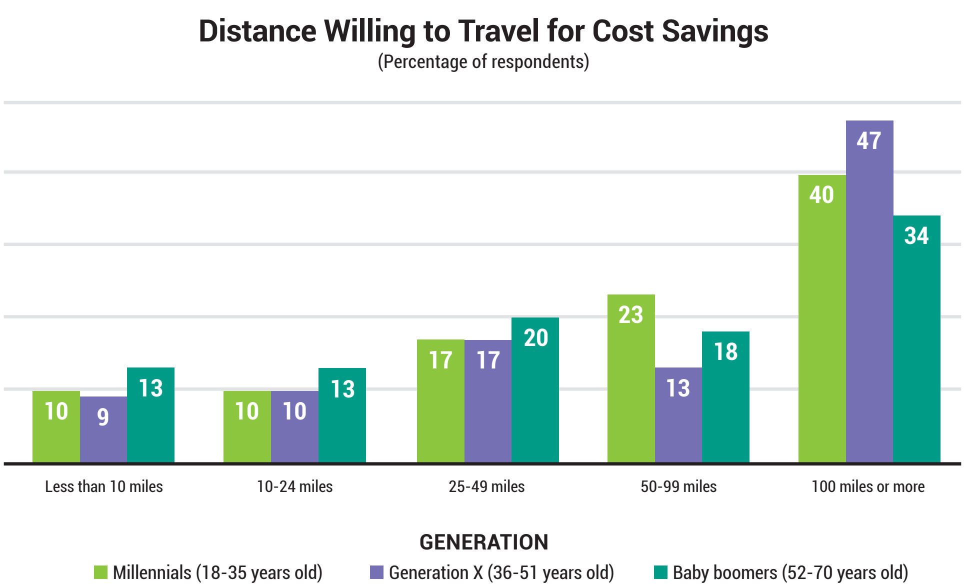


Efforts to Make Healthcare and Health Insurance Choices

QUESTION: *If you had a serious health condition, and could save at least 50 percent on the treatment cost, how far would you be willing to travel for a doctor, hospital or other healthcare provider outside your local area?*



Fifty-seven percent of respondents were willing to travel 50 miles or more to save at least 50 percent on the cost of treatment for a serious health condition. That total included 39 percent of respondents who would travel 100 miles or more.

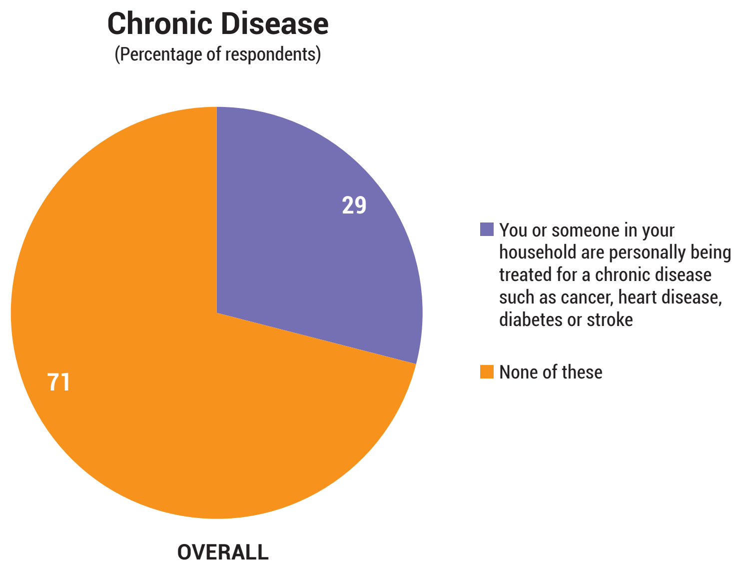


Baby boomers (ages 52 to 70) were nearly as willing as millennials (ages 18 to 35) to travel 50 miles or more to save at least 50 percent on the cost of treatment for a serious health condition.

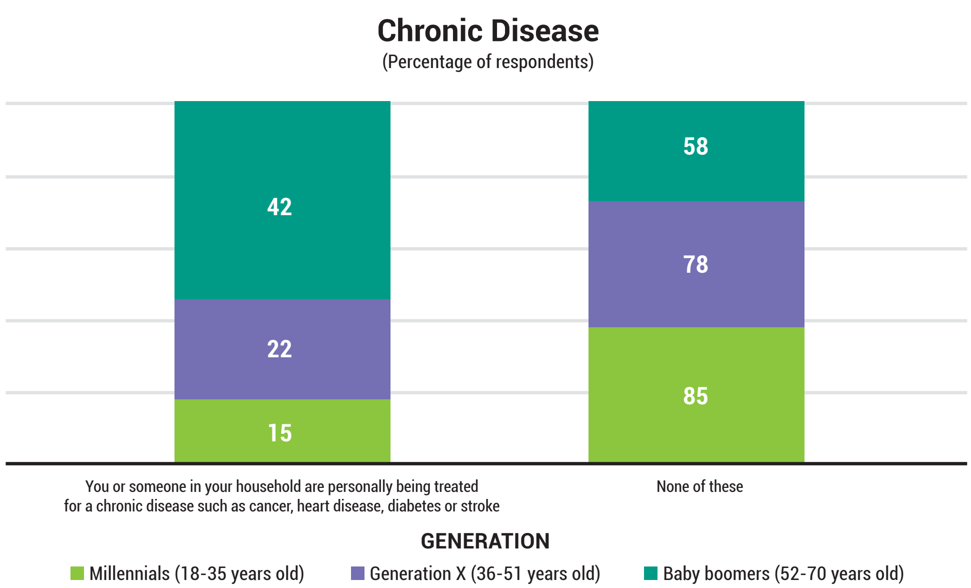
Need for Reliable Healthcare Cost Information Sources

QUESTION: *Which of the following describes you or a member of your household?*

For 29 percent of respondents, they or someone in their household were being treated for a chronic disease such as cancer, heart disease, diabetes or stroke.

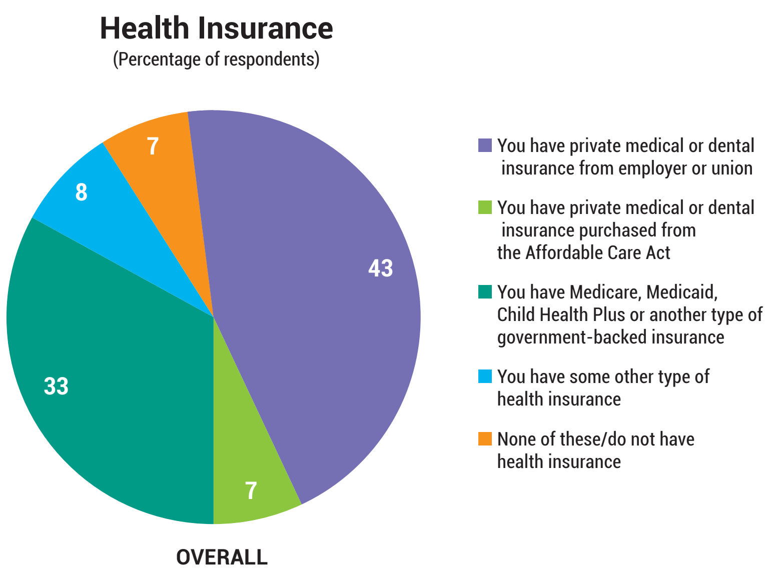


Older respondents were more likely to be treated or have a household member treated for a chronic disease.

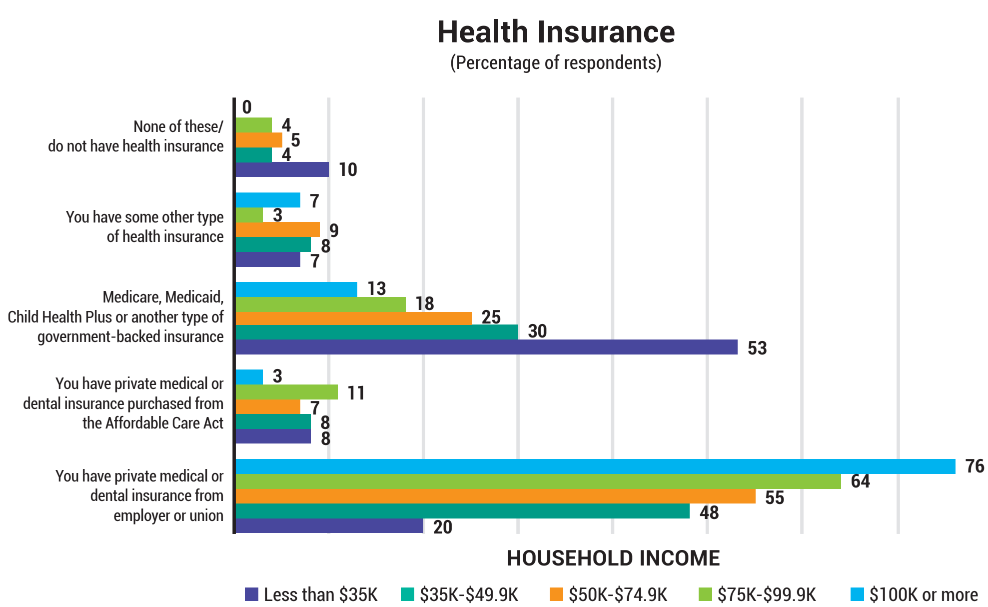


Need for Reliable Healthcare Cost Information Sources

QUESTION: *Please tell me which of the following describes your health insurance.*



Ninety-one percent of respondents reported having some form of health insurance, including seven percent who acquired it through the Affordable Care Act.

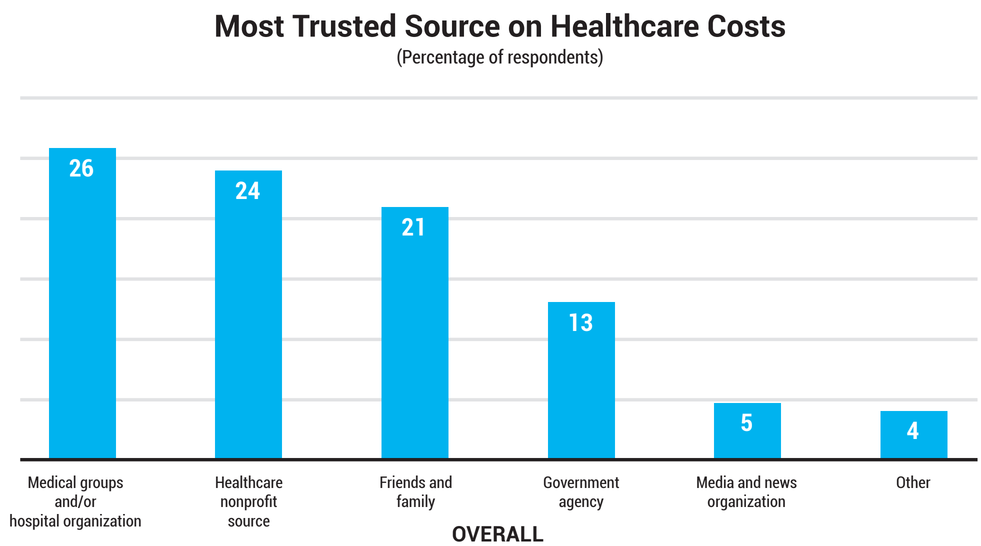


Respondents earning $100,000 or more annually were the most likely to have health insurance through their employer or union, while those earning less than $35,000 were the most likely to have health insurance through government-backed insurance.

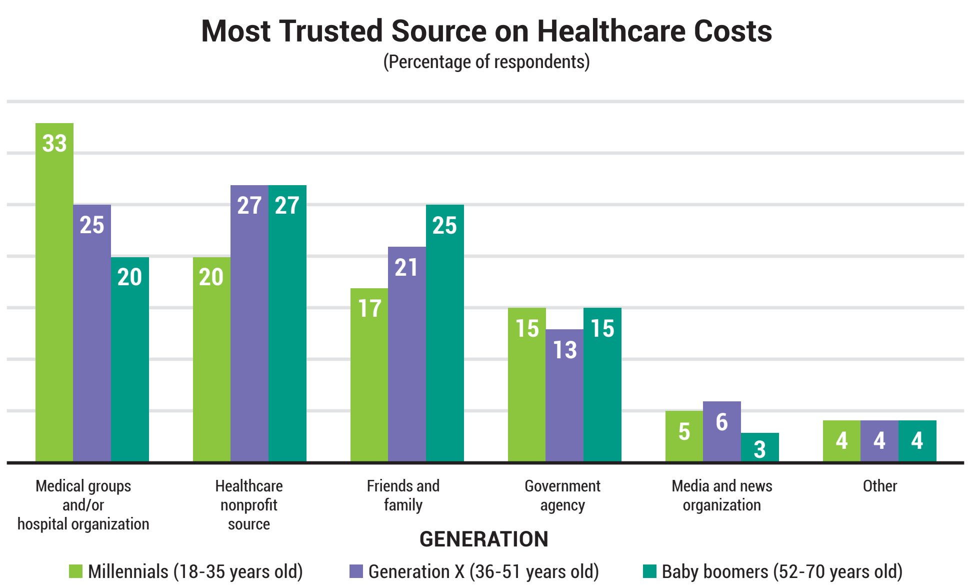
Need for Reliable Healthcare Cost Information Sources

QUESTION: *If you wanted information on healthcare costs, which one of the following would be your most trusted source?*

Overall, medical groups/ hospital organizations were identified as the most trusted source of information on healthcare costs, followed closely by healthcare nonprofits.



Respondents ages 36 to 70 years ranked healthcare nonprofits as their most trusted source of information on healthcare costs.



About FAIR Health

FAIR Health is a national, independent, nonprofit organization dedicated to bringing transparency to healthcare costs and health insurance information through data products, consumer resources and health systems research support. FAIR Health uses its database of billions of privately billed medical and dental claims to power an award-winning free consumer website and to create data products serving all healthcare stakeholders, including government officials, researchers, consumers, providers, insurers and other businesses.

FAIR Health offers consumers free resources to improve their healthcare literacy and to help them estimate out-of-pocket medical expenses. These tools are available in English at fairhealthconsumer.org and in Spanish at consumidor.fairhealth.org, as well as through an English/Spanish mobile app available on iTunes and Google Play.

FAIR Health has been certified by the Centers for Medicare & Medicaid Services (CMS) as a Qualified Entity, eligible to receive all Medicare claims data for use in nationwide transparency efforts. In addition, FAIR Health's data have been designated as the official data source for a variety of state health programs, including workers' compensation and Personal Injury Protection (PIP) programs, as well as state consumer protection laws governing surprise out-of-network bills and emergency services. For more information, visit fairhealth.org.

FAIR Health also works with companies to private-label consumer educational materials and online and mobile cost estimation tools.

FAIR HEALTH
Know Your Source

info@fairhealth.org ▪ 855-301-FAIR (3247)
fairhealth.org ▪ fairhealthconsumer.org ▪ consumidor.fairhealth.org
FAIR Health @FAIRHealth FAIR Health

10.16-500