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## Will consumers save the day?

The answer is . . . (Drum roll). . . **maybe**. Now that consumer-driven health plans (CDHPs) have been offered for a few years, research has begun to grapple with this question. A study published in Health Services Research (August 2004) followed 3,632 employees who had a choice between a consumer-driven health plan (CDHP), a health maintenance organization (HMO), and a preferred provider organization (PPO).

### A promising start . . .

The CDHP group had two advantages from the start: fewer illnesses and lower prior year health costs than their co-workers. That the CDHP performed well in its first year is no surprise. In that year, both the employer and the employee saved money compared to the PPO; only the employer saved as compared to the HMO option.

This win did not last for the long. In the second year, the CDHP group cost the employer 6.5% more per capita than the PPO and 21% more than the HMO. The employees' out-of-pocket costs in the CDHP landed squarely between the two other plan options.

### What happened?

In the second year, the CDHP enrollees used more hospital services than enrollees in the HMO or PPO plan. When a CDHP patient went to the hospital, he also spent more than his co-workers in the other plans. The average CDHP patient spent \$3,468 on hospital care, 77% more than HMO patients.

Ultimately, the CDHP's total costs landed between the HMO and the PPO plan costs. The difference lay in how the total costs were split between the employer and employee.

**Since CDHPs have not defined new territory, perhaps the best solution is not yet mapped.**

*If you'd like a copy of the complete study, drop an e-mail to [Info@HealthEconomy.net](mailto:Info@HealthEconomy.net).*