
Patient Cost Sharing in Oregon

State and Market Level Trends, 2015-2022

Cost Growth Target Educational Webinar | March 2024



Agenda

- Background and Motivation
- Patient Cost Sharing in the Commercial Market
- Patient Cost Sharing in Medicare Advantage Market
- Wrap-up and Questions

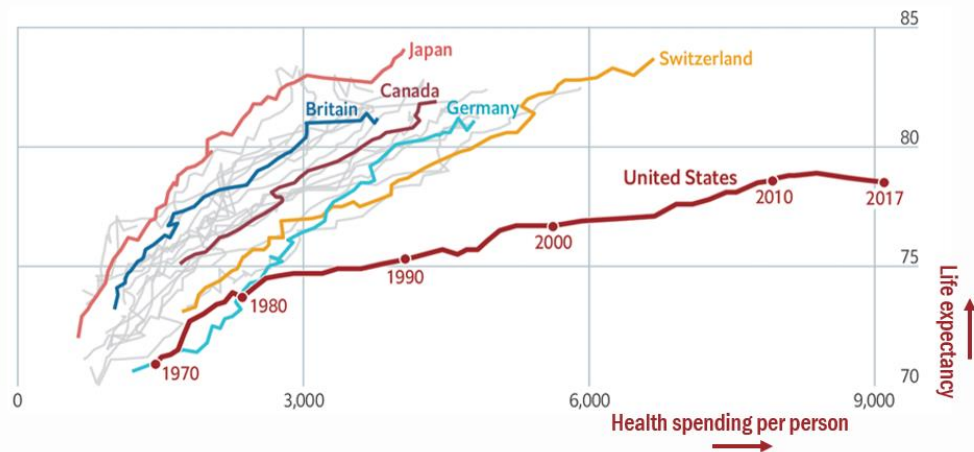
Agenda



Background and Motivation

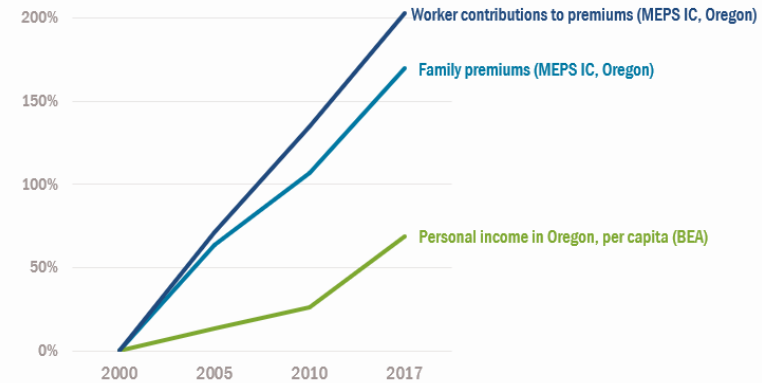
U.S. health care costs twice the average of others countries

But life expectancy is lower



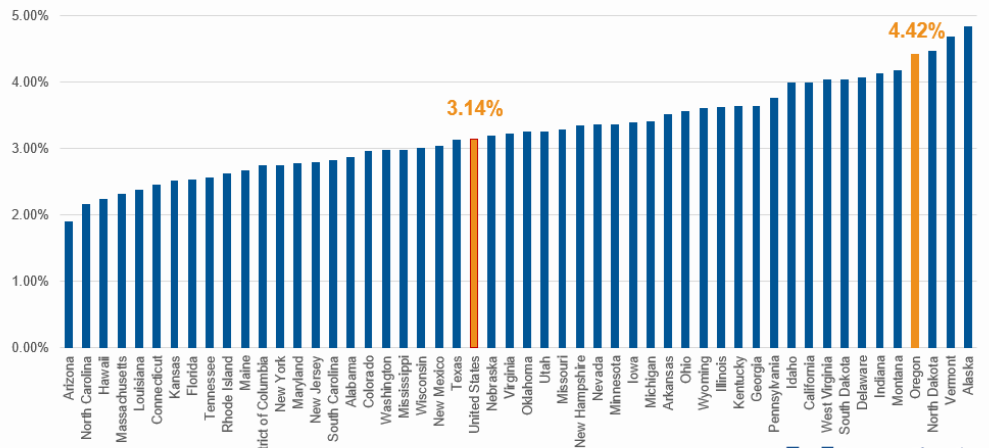
Private sector cost growth is unsustainable

Since 2000, Oregon employer-sponsored insurance premiums have grown three times faster than personal income.



Oregon healthcare spending grew at the 4th highest rate from 2009-2014

Average Annual Healthcare Spending Growth Rate Per Capita (2009 - 2014)

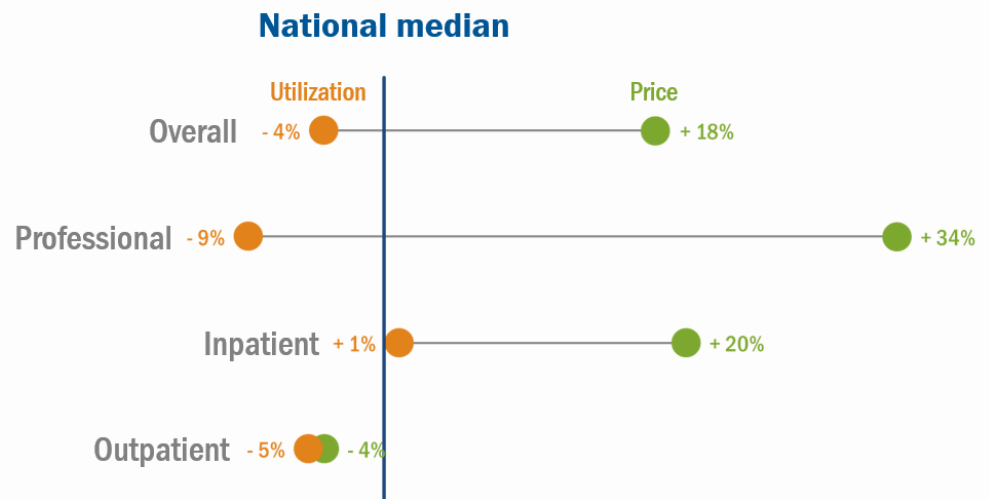


Sources: U.S. Census Bureau; and Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group.



Overall prices in the Portland metro area are 18 percent above the national median.

These high prices are not offset by low utilization.

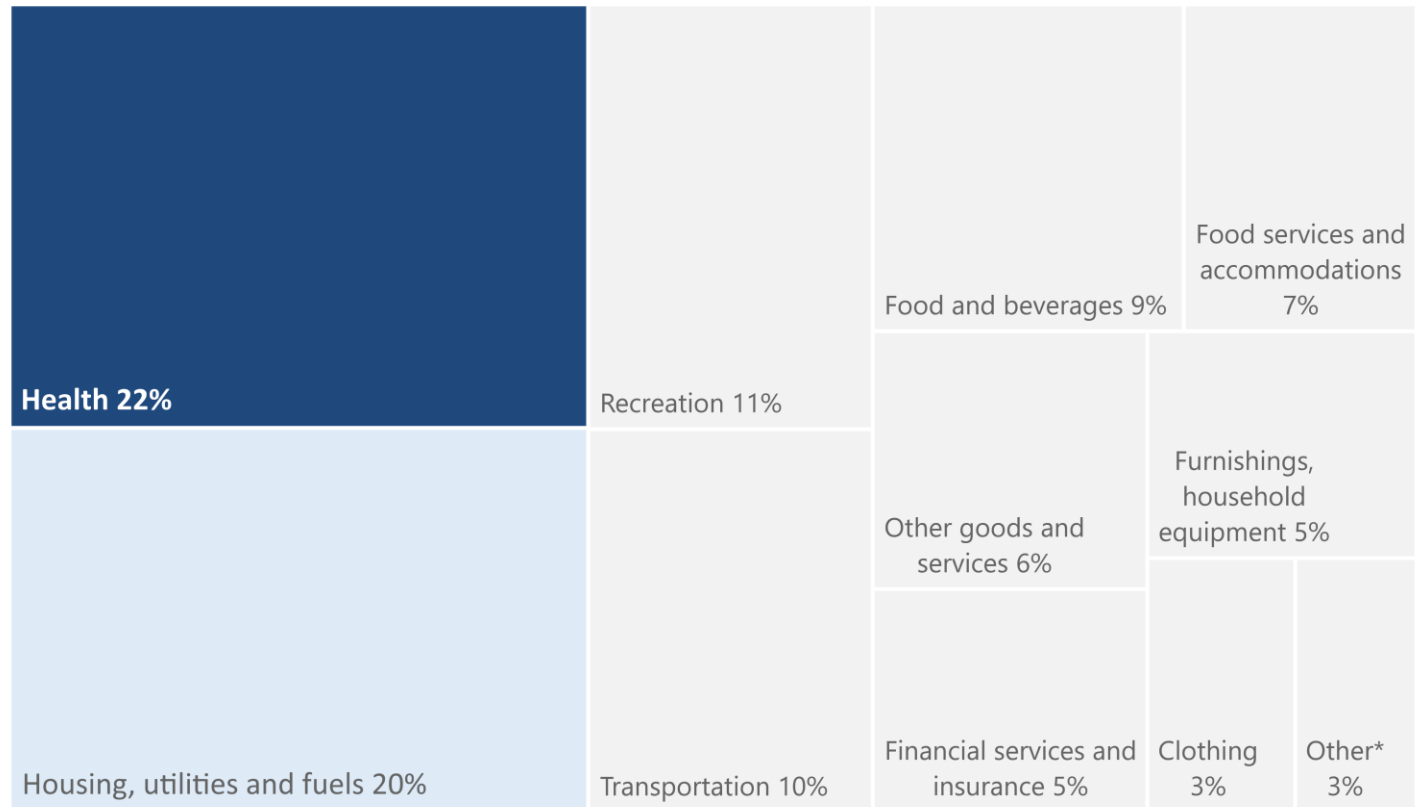


Health Care is a Major Expense for Households

In 2021, **Oregon households spent almost 22% of their budget on health-related expenses**, including:

- insurance premiums
- prescription drugs and over-the-counter items
- Doctor and dental visits,
- Hospital and nursing home services

Household Consumption Expenditures, Oregon 2021

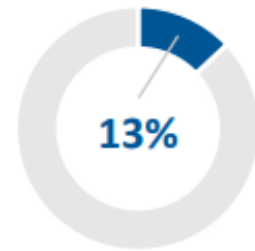


*Other spending includes communication, education and net foreign travel and expenditures abroad

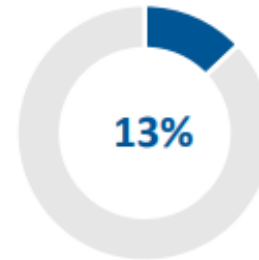
Source: U.S. Bureau of Economic Analysis, "SAPCE4 Personal consumption expenditures (PCE) by state by function 1", 2021.

More than a third of Oregon adults struggled to pay their medical bills in 2021.

Used up all or most of their savings



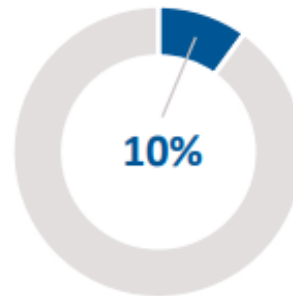
Contacted by a collections agency



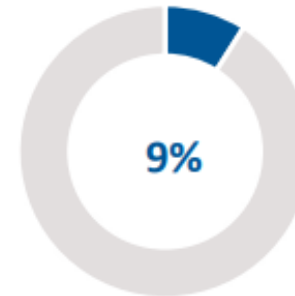
Unable to pay for basic necessities like food, heat, or housing



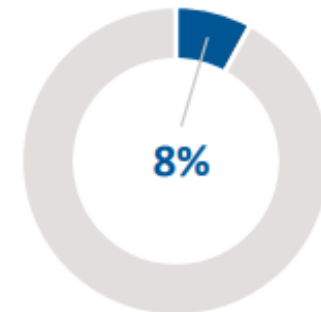
Borrowed money, got a loan or another mortgage on their home



Racked up large amounts of credit card debt



Placed on a long-term payment plan

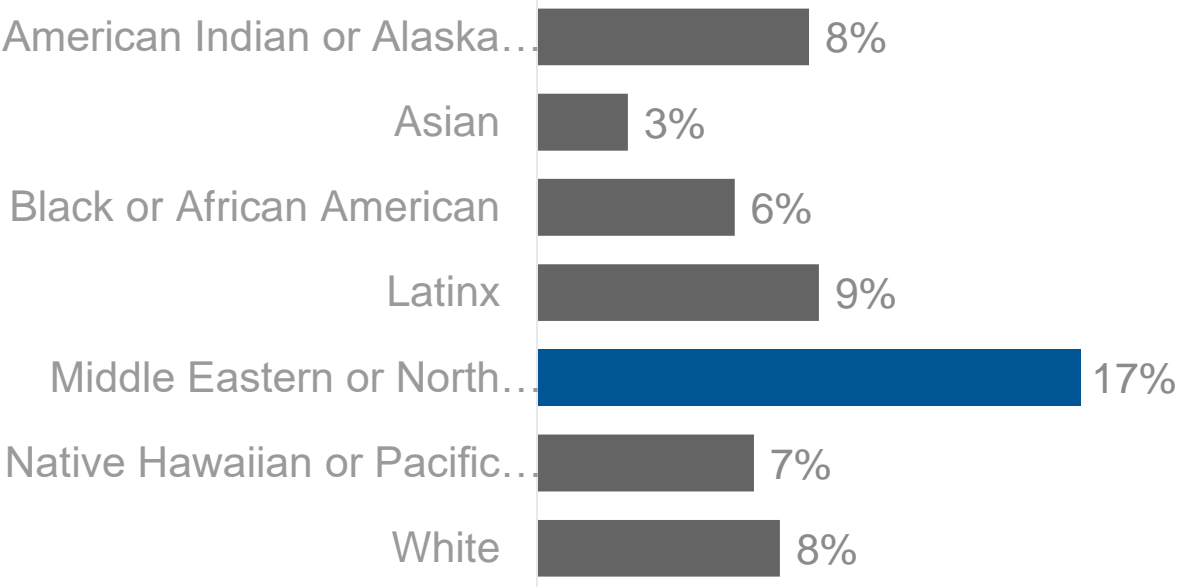


Source: Altarum Healthcare Value Hub, June 2021

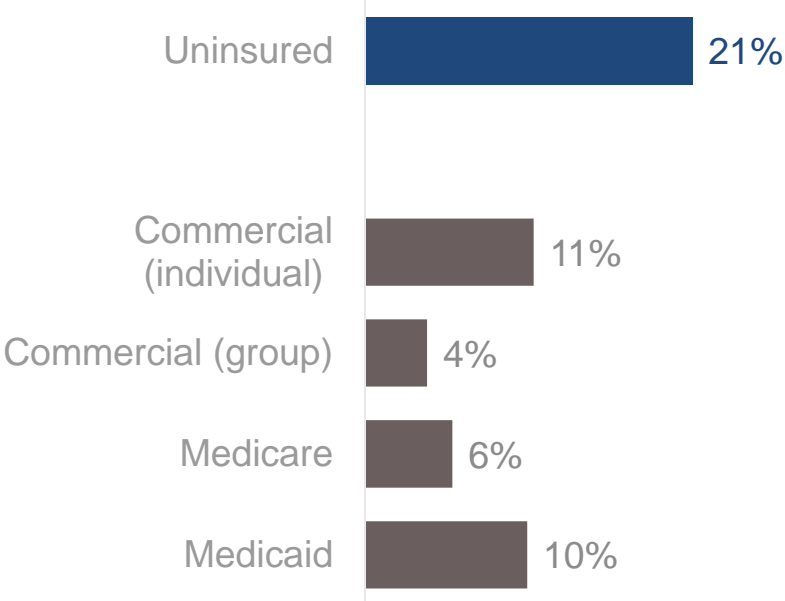
[Oregon Residents Struggle to Afford High Healthcare Costs; COVID Fears Add to Support for a Range of Government Solutions Across Party Lines Data Brief](#)

Oregonians are Delaying Care because of High Costs

Delayed care by race/ethnicity, 2021



Delayed care by insurance status, 2021

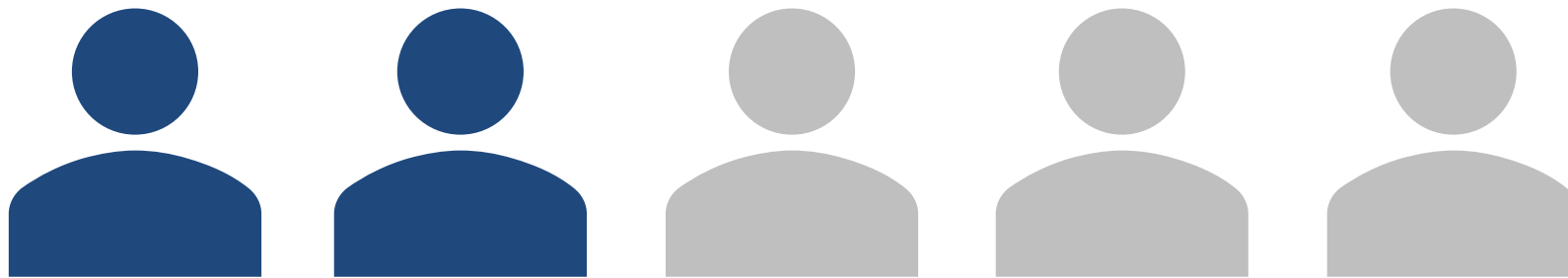


Source: Oregon Health Insurance Survey (OHIS). 2021.

Cost Sharing: A Piece of the Health Care (Un)Affordability Puzzle

Cost sharing is the amount of money that **people with health insurance** pay for care. It comes in the form of deductibles, coinsurance, and copays.

Individuals with high cost sharing relative to their income are said to be underinsured. In 2021, as many as 2 in 5 (40%) of Oregonians were estimated to be underinsured.



Underinsurance rate data comes from the Oregon Health Insurance Survey (OHIS). "Health Insurance Coverage in Oregon". 2021. Methodology from Market Decisions Research's ["Measuring Underinsurance"](#) 2018.

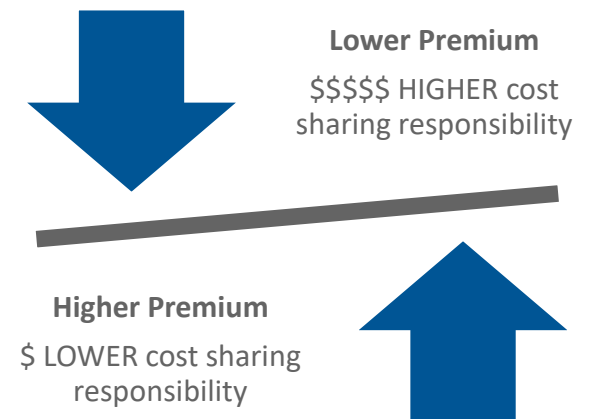
Cost Sharing Definitions

Deductible: The amount a person with health insurance is required to pay for certain services before their insurance will start covering the cost of care.

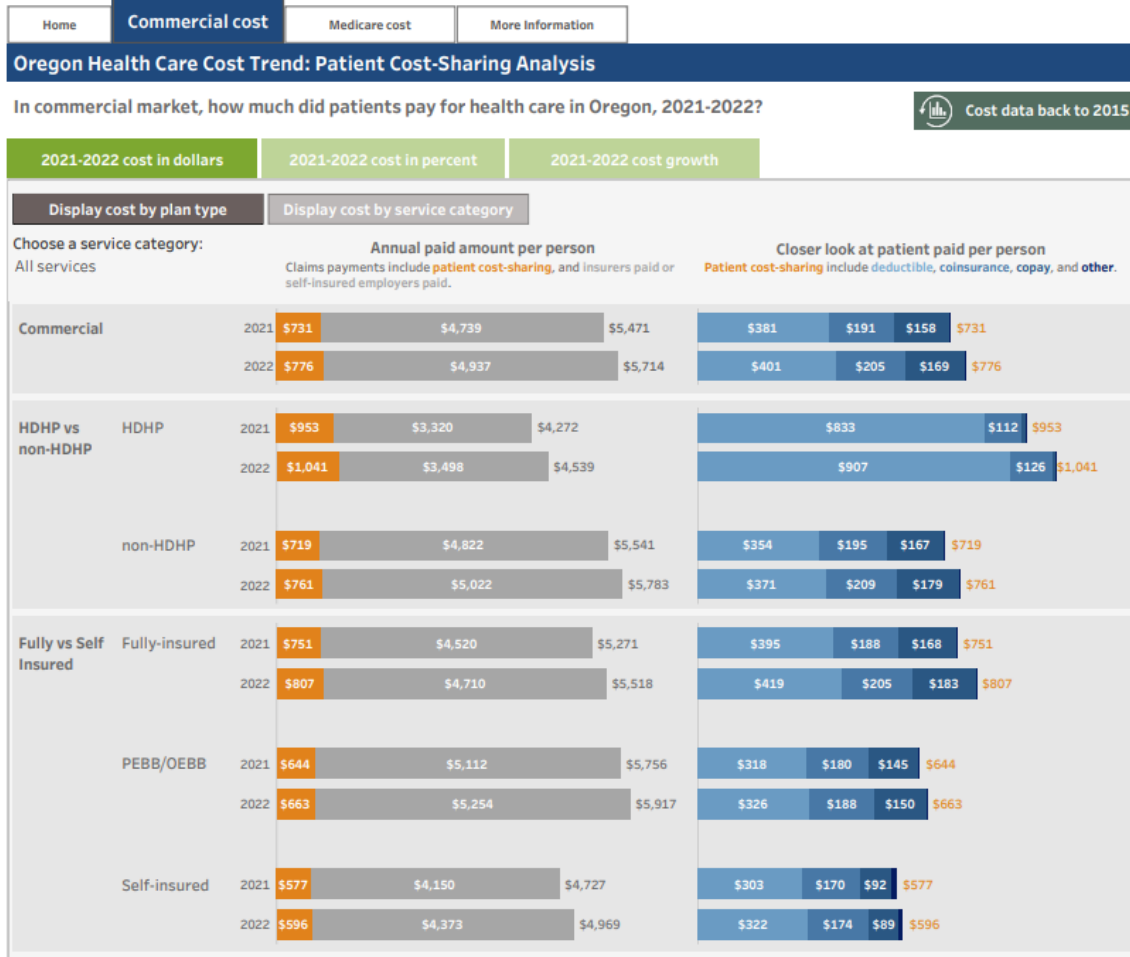
Copay: A set amount of money a person with health insurance pays for a given service, for example \$20 for a visit to the doctor.

Coinsurance: A percentage of the cost of care covered by the person with health insurance.

Premium: A premium is the upfront cost of purchasing health insurance. Plans with a higher premium often have lower cost sharing. *Premiums are not included in this analysis or today's presentation.*



Patient Cost Sharing in Oregon: 2015-2022



Patient Cost Sharing in Oregon: State and Market-Level Trends, 2015-2022

April 2024



Oregon Health Authority

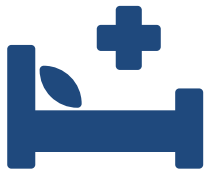
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What did we measure?

- **This report measures:** the total amount paid by health plans and the total patient responsibility in the form of deductibles, copays, and co-insurance for Oregon residents with Commercial and Medicare Advantage insurance.
- **This report stratifies** the patient cost sharing for deductibles, copays, and co-insurance by health plan type, service category, and year.
- **Data source:** Oregon All Payer All Claims (APAC) database, 2015-2022, including medical and retail pharmacy claims.



Service category definitions



Inpatient Care

Hospital-based care after being admitted. Examples include childbirth and complex surgeries. Includes drugs that are administered to patients admitted in a hospital.



Outpatient Care

Services provided in clinic settings; specifically excludes services that are rendered to patients admitted in a hospital.



Retail Pharmacy

Retail drugs obtained at a pharmacy, drug stores, or other location. This category does not include physician-administered medications.



Professional Services

Services provided by independent and hospital-affiliated physicians, nurse practitioners, physician's assistants and more. Includes costs associated with diagnosing and treating patients' medical issues.

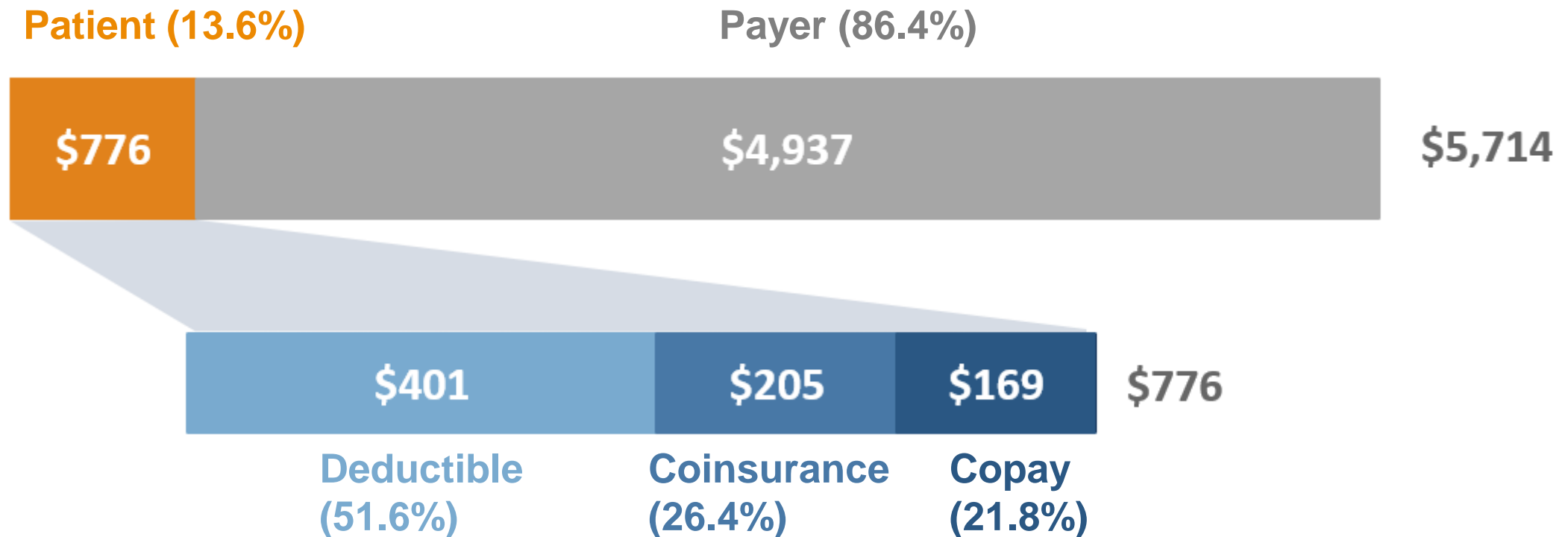


Emergency Department (ED)

Services provided in emergency departments. For hospital visits that started in the emergency department and resulted in an inpatient stay, costs are reflected in the inpatient care category.

Patient Cost Sharing: Commercial Market

Commercial Cost Sharing: 2022



Note: \$2 was also paid in the form of "other" cost sharing (not deductible, coinsurance, or copay).

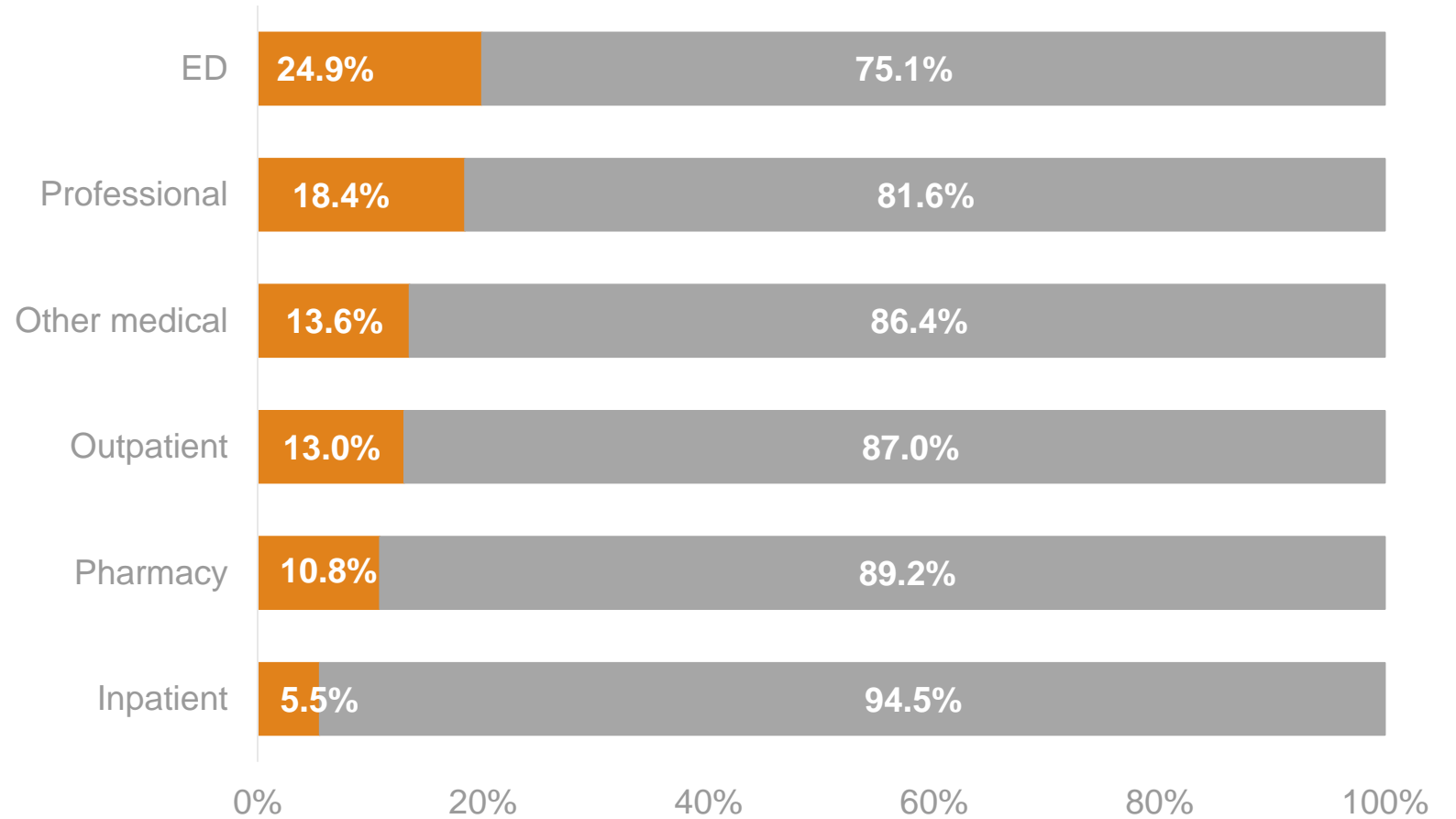
Commercial Cost Sharing by Service Category, 2022

Average commercial per person patient cost sharing by service category,

Professional: \$304 (39.2%)	Outpatient: \$159 (20.5%)	Pharmacy: \$124 (16.0%)	ED: \$89 (11.5%)
		Inpatient: \$56 (7.2%)	Other Medical: \$44 (5.7%)

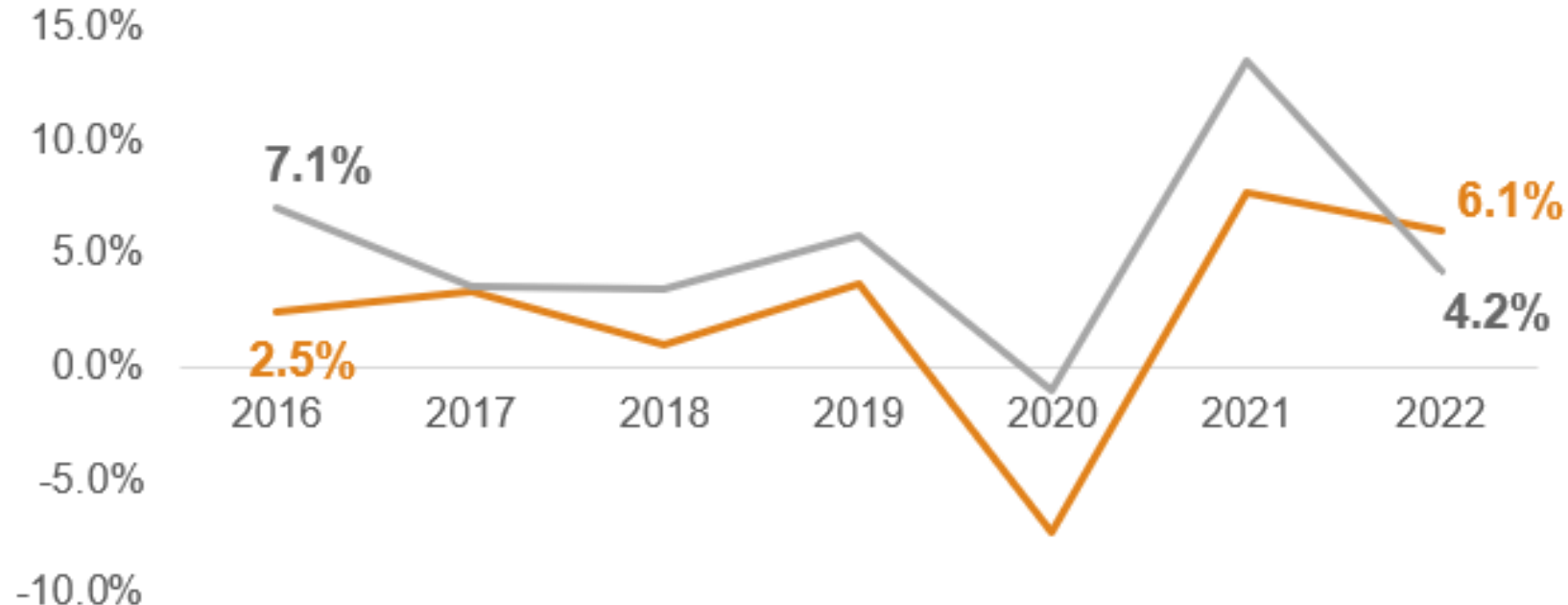
Even though patients paid the most for Professional Services on average throughout the year (\$304), they paid a higher proportion (24.9%) of the bill for the ED visits that happened.

Percent of per person annual health care costs paid by the **patient** versus the payer by service category in 2022, Commercial market



Growth in Commercial Cost Sharing, 2015-2022

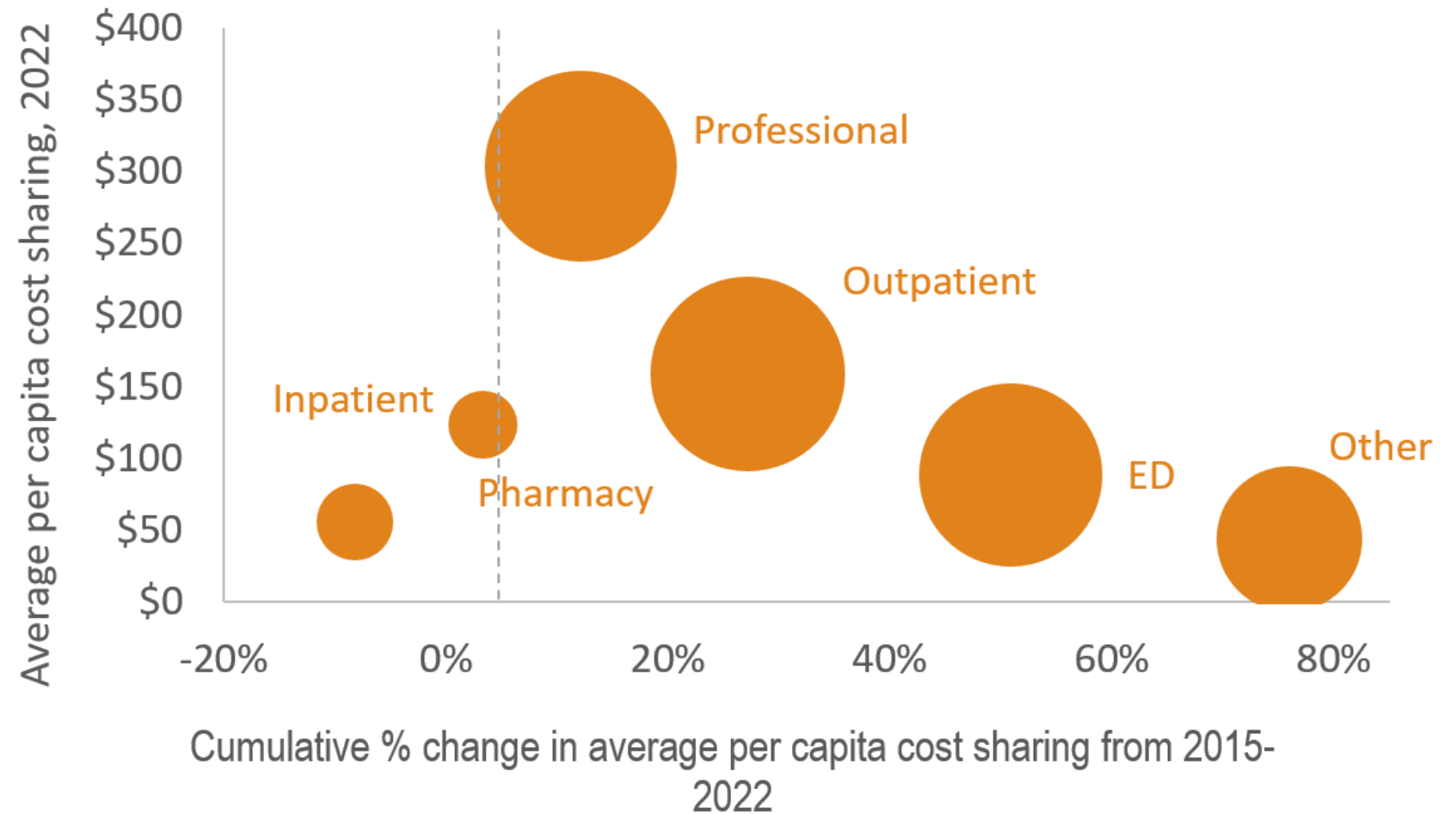
Rate of growth in annual per person health care costs paid by payers versus **patients** from 2015-2022, Commercial market



* Labels on the horizontal axis refer to the second year of growth; for example, "2016" is growth from 2015-16.

Together, increases in the average person patient cost sharing from 2015 to 2022 in the **Professional** and **Outpatient** service categories accounted for 53.6% of the overall change in average per person patient cost sharing.

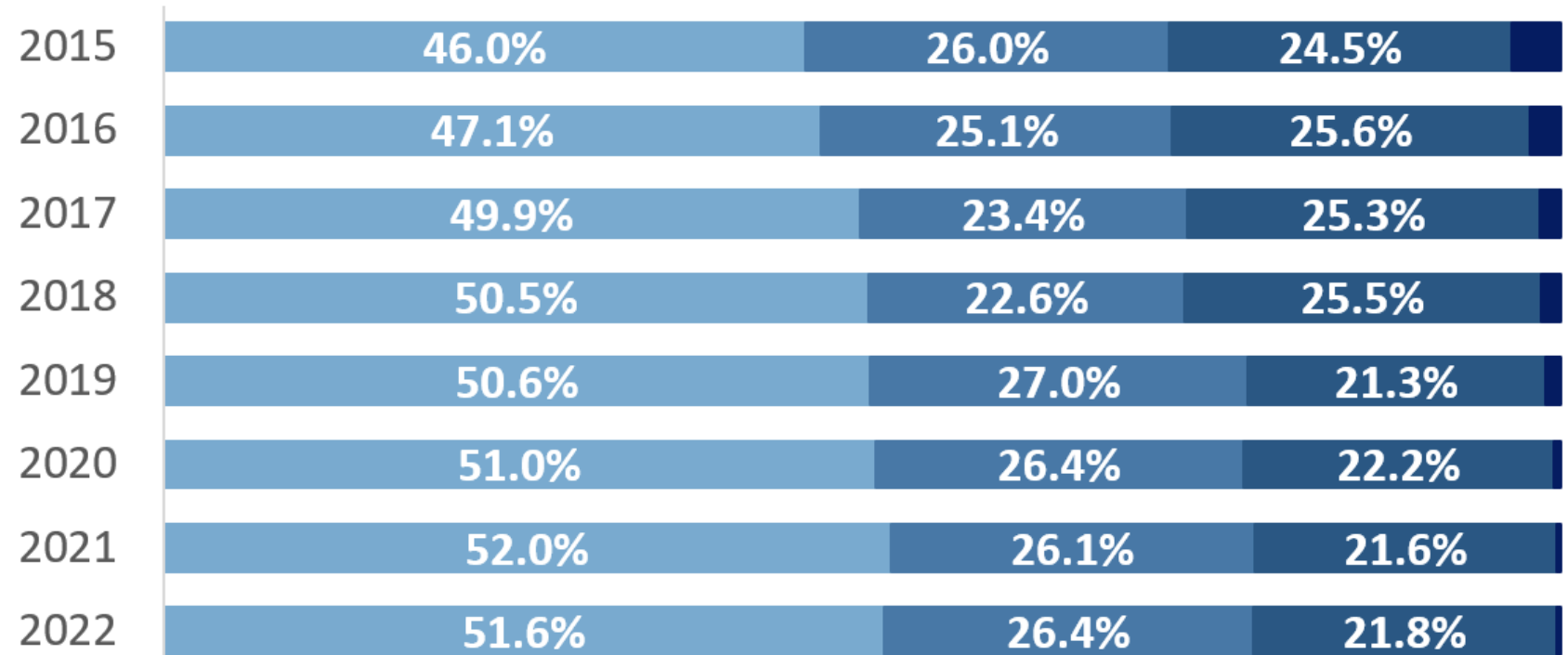
Cumulative growth in annual per person cost sharing from 2015 to 2022, by service category, Commercial market



* The size of the bubbles is the absolute dollar change in per capita patient cost sharing in that category from 2015 to 2022.

Proportion of annual per person patient cost sharing paid in deductibles, coinsurance, and copays from 2015-2022, Commercial market

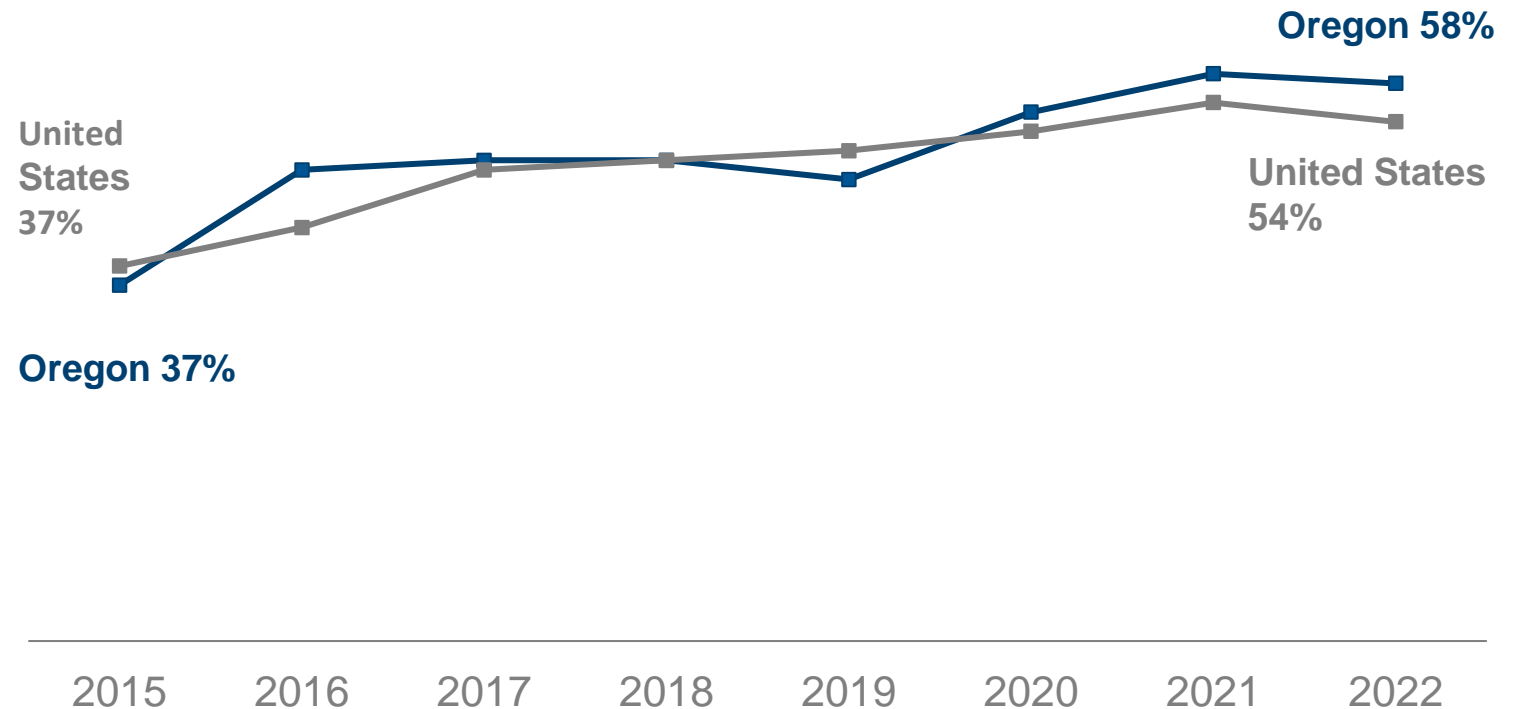
The proportion of patient cost sharing paid in **deductibles** increased from 46% in 2015 to 52% in 2022.



* The navy blue section of the bars at the far right is the amount paid in “Other” cost sharing, which was minimal.

High Deductible Health Plans (HDHP) are defined by the IRS as plans with a deductible of at least \$1,400 for individual plans and \$2,800 for family coverage in 2022.

Percentage of employees enrolled in High Deductible Health Plans (HDHP) in Oregon and the United States, 2015-2022

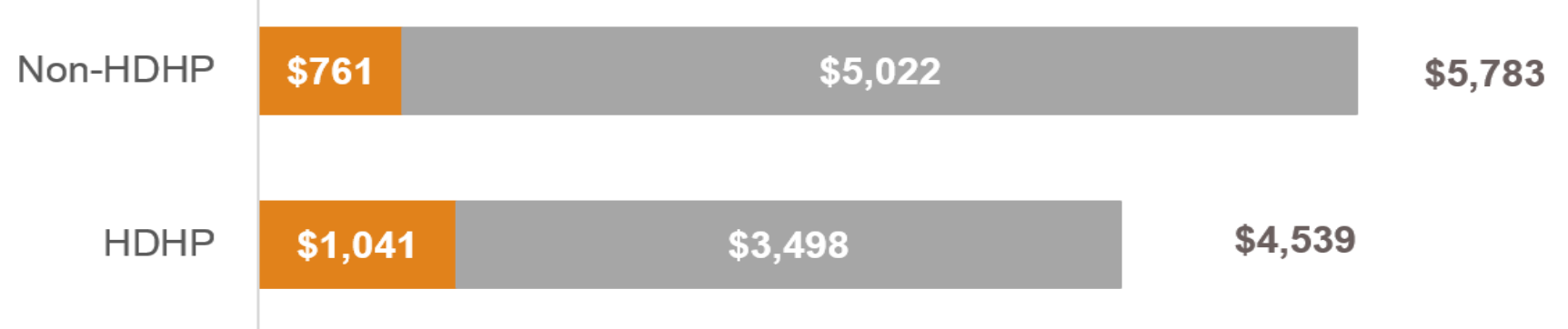


Source: SHADAC analysis of Medical Expenditure Panel Survey - Insurance Component (MEPS-IC), Agency for Healthcare Research and Quality (AHRQ), Center for Financing, Access and Cost Trends (CFACT) data source, State Health Compare, SHADAC, University of Minnesota, "[Percent of private-sector employees enrolled in high-deductible health insurance plans](#)," 2022. Accessed 2023.

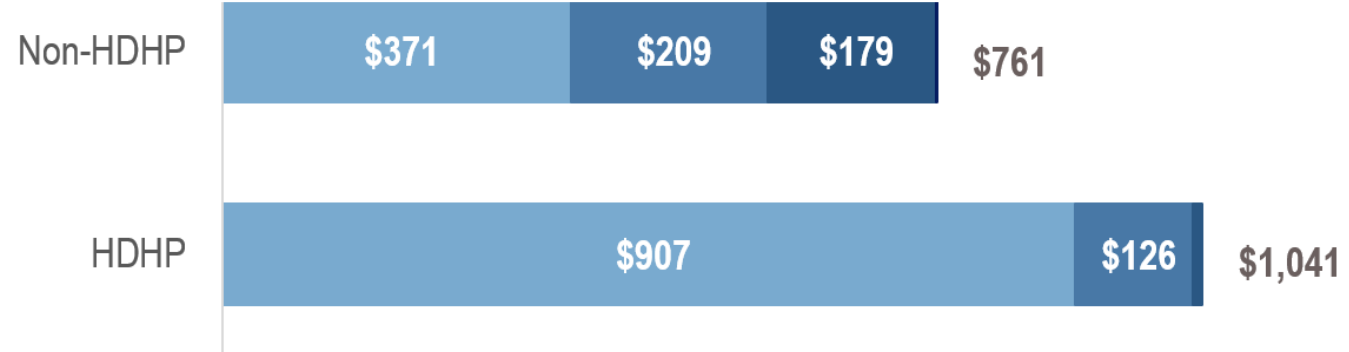
People with High-Deductible Health Plans had lower health care costs overall than those in non-HDHP in 2022, but paid more cost sharing.

Most of their cost sharing was in the form of deductibles.

Amount paid by the **patient** vs. the payer, 2022



Amount paid in **deductibles, coinsurance and copays**, 2022



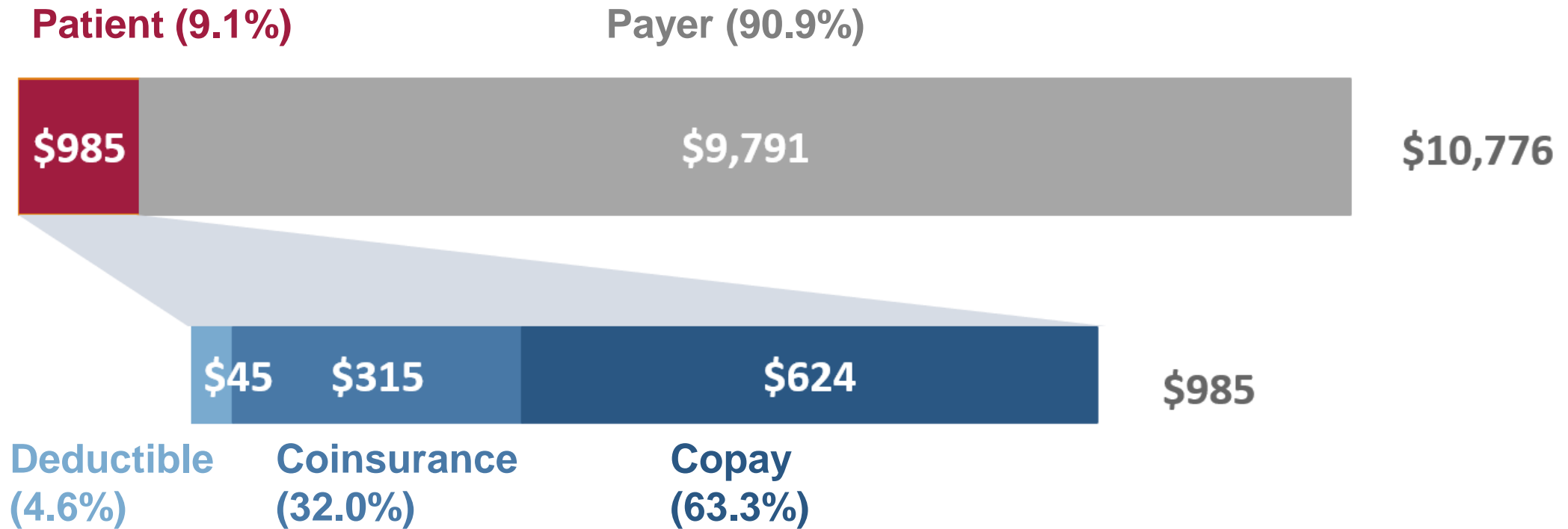
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Patient Cost Sharing: Medicare Advantage Market

Medicare Advantage Basics

- Why are we focusing in on Medicare Advantage when these plans only represent about half (51.6%) of the Medicare market in Oregon in 2022
 - No data in APAC on supplementary insurance for people with traditional Medicare, so patient cost sharing estimates would over-estimate how much people pay
- Mandated limitations on patient cost sharing in Medicare Advantage
 - Out of pocket limit of \$7,550 in-network, \$11,300 out-of-network for medical benefits in 2022
 - Prescription drug out of pocket limit of \$7,050 not including 5% coinsurance on catastrophic costs; limit of \$480 drug deductible
 - Many plans offer benefits that are more generous

Medicare Advantage Cost Sharing, 2022



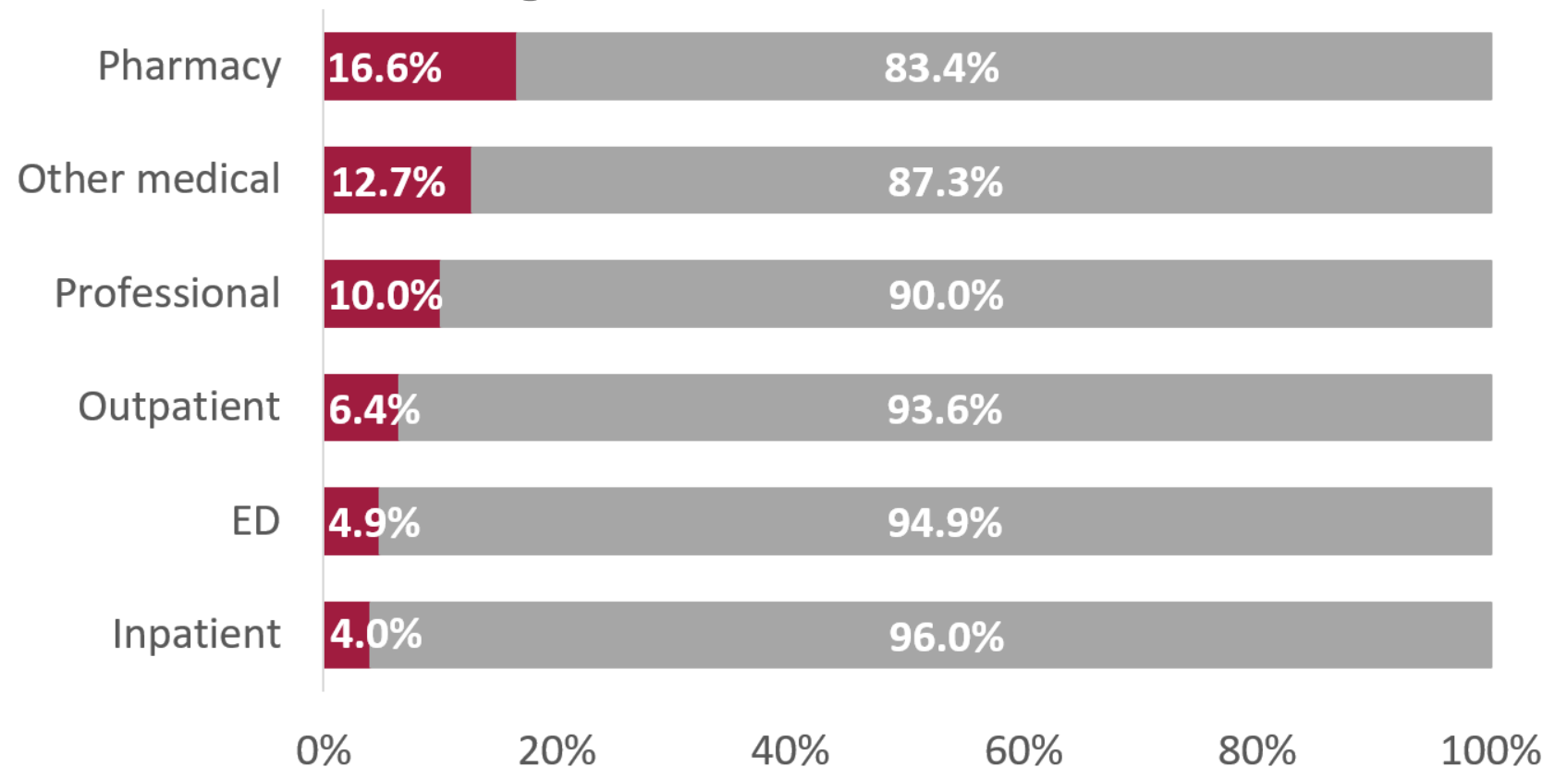
Medicare Advantage Cost Sharing by Service Category, 2022

Average per person patient cost sharing by service category in 2022,
Medicare Advantage



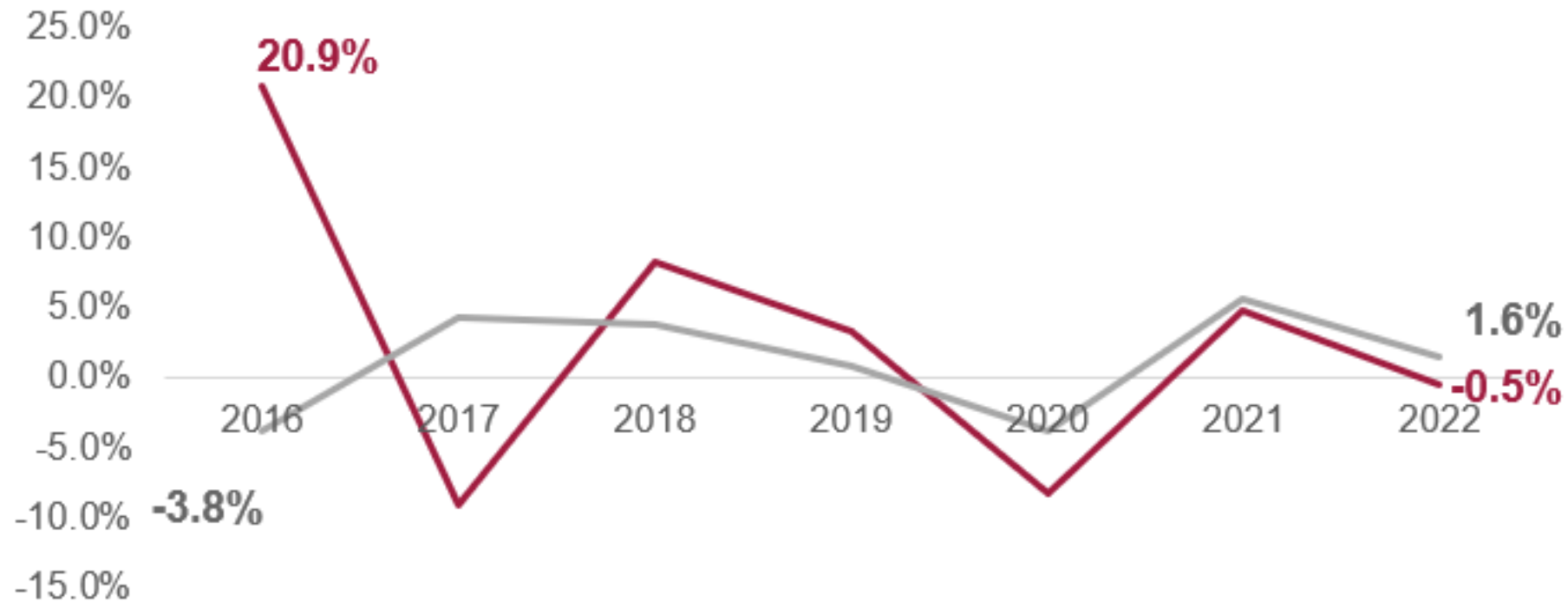
Medicare Advantage patients paid the highest proportion of total costs in the Pharmacy service category, which was also the service category that had the largest proportion of cost sharing overall.

Percent of per person annual health care costs paid by the **patient** versus the payer by service category in 2022, Medicare Advantage market



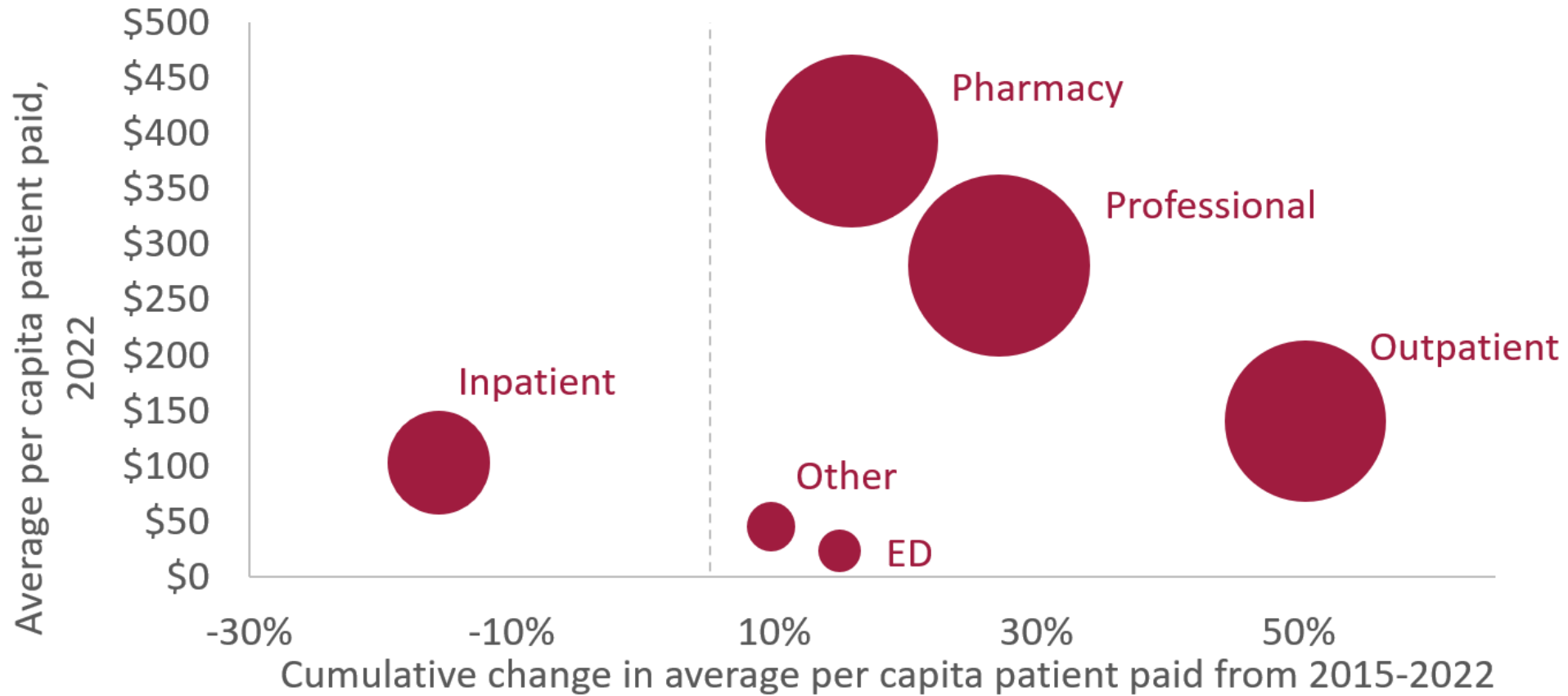
Growth in Medicare Advantage Cost Sharing, 2015-2022

Rate of growth in annual per person health care expenditures paid by payers versus **patients** from 2015-2022, Medicare Advantage market



* Labels on the horizontal axis refer to the second year of growth; for example, "2016" is growth from 2015-16.

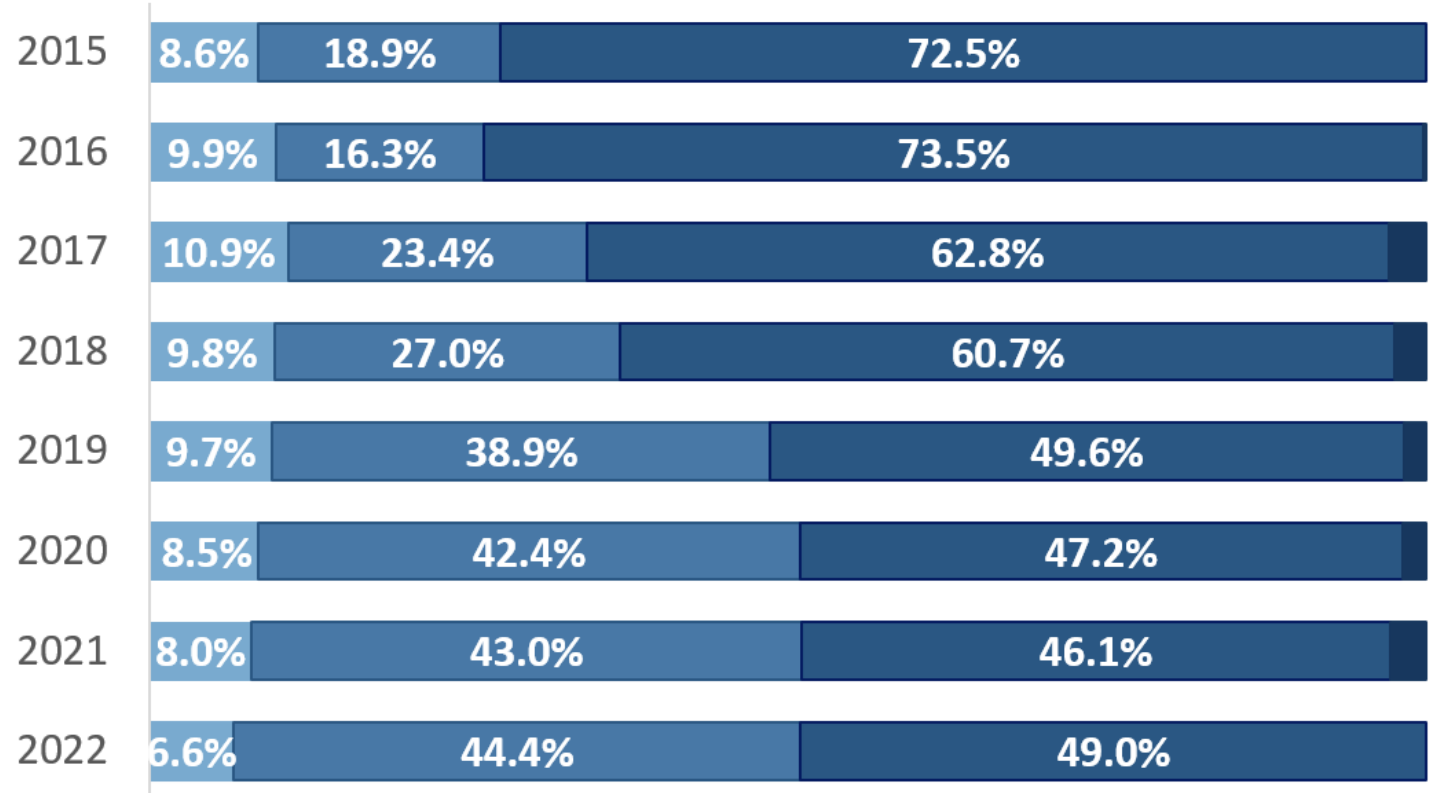
Cumulative growth in annual per person cost sharing from 2015 to 2022, by service category, Medicare Advantage market



* The size of the bubbles is the absolute dollar change in per capita patient cost sharing in that category from 2015 to 2022.

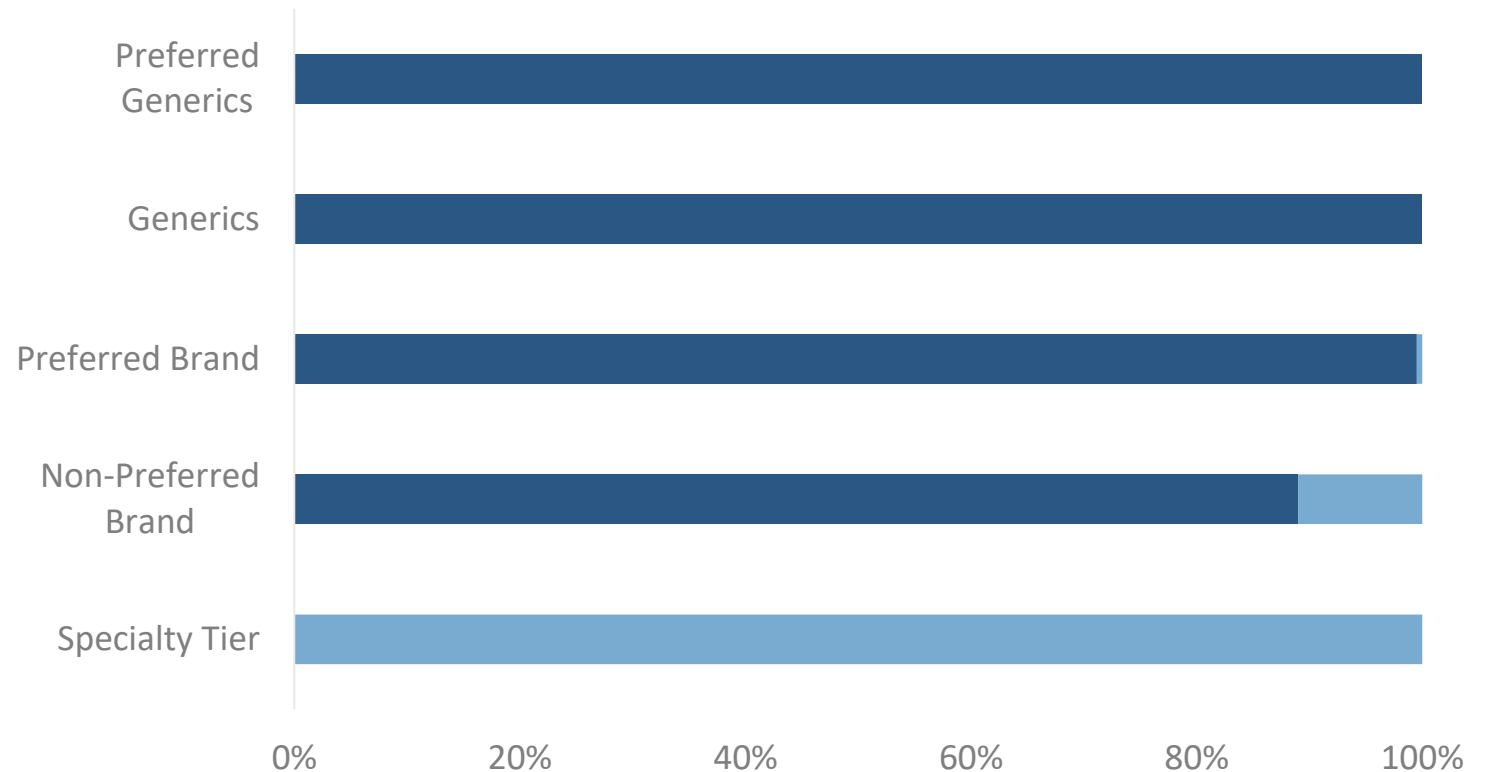
The proportion of Medicare Advantage patient cost sharing for retail pharmacy paid in the form of **coinsurance** increased from 18.9% in 2015 to 44.4% in 2022, with a corresponding decrease in the proportion going to deductibles and copays.

Relative share of **deductibles**, **coinsurance**, and **copays** for retail pharmacy payments from 2015-2022, Medicare Advantage



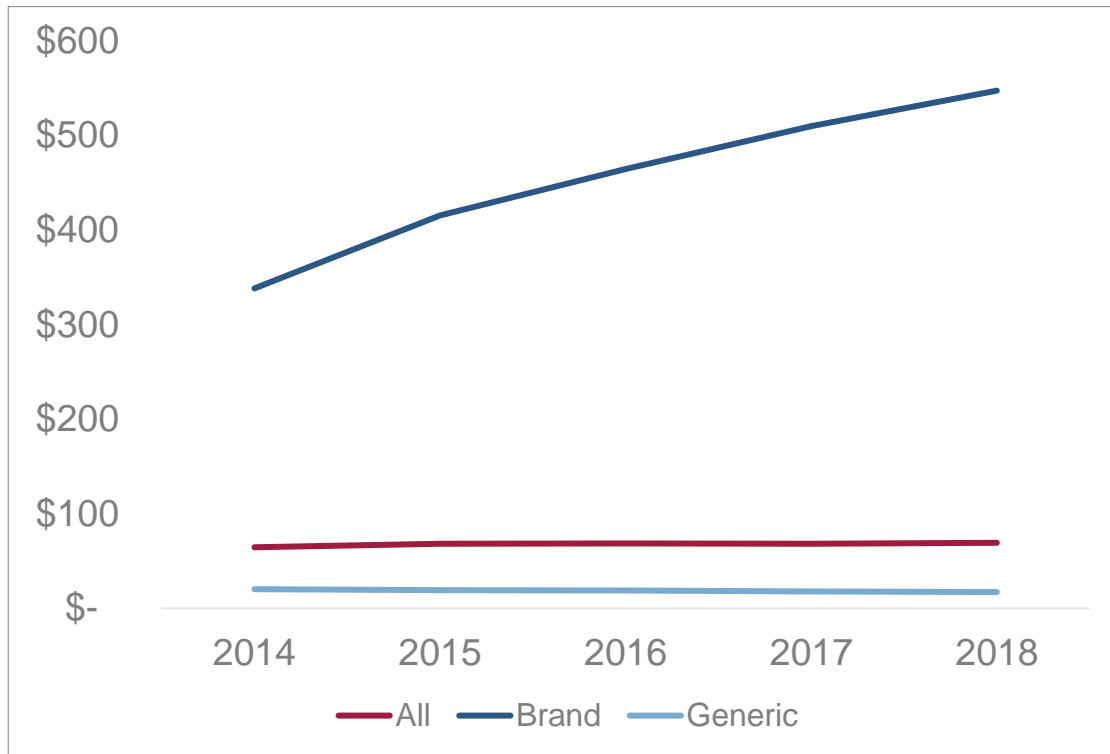
Medicare Advantage plans typically favor copays over coinsurance for each of the common drug tiers except those for specialty drugs (defined by CMS as drugs costing at least \$830 per month in 2022). Medicare Advantage drug plans often charge the maximum 33% coinsurance on these drugs.

Percent of enrollees who paid **copays** versus **coinsurance** in each drug tier, Medicare Advantage, 2022

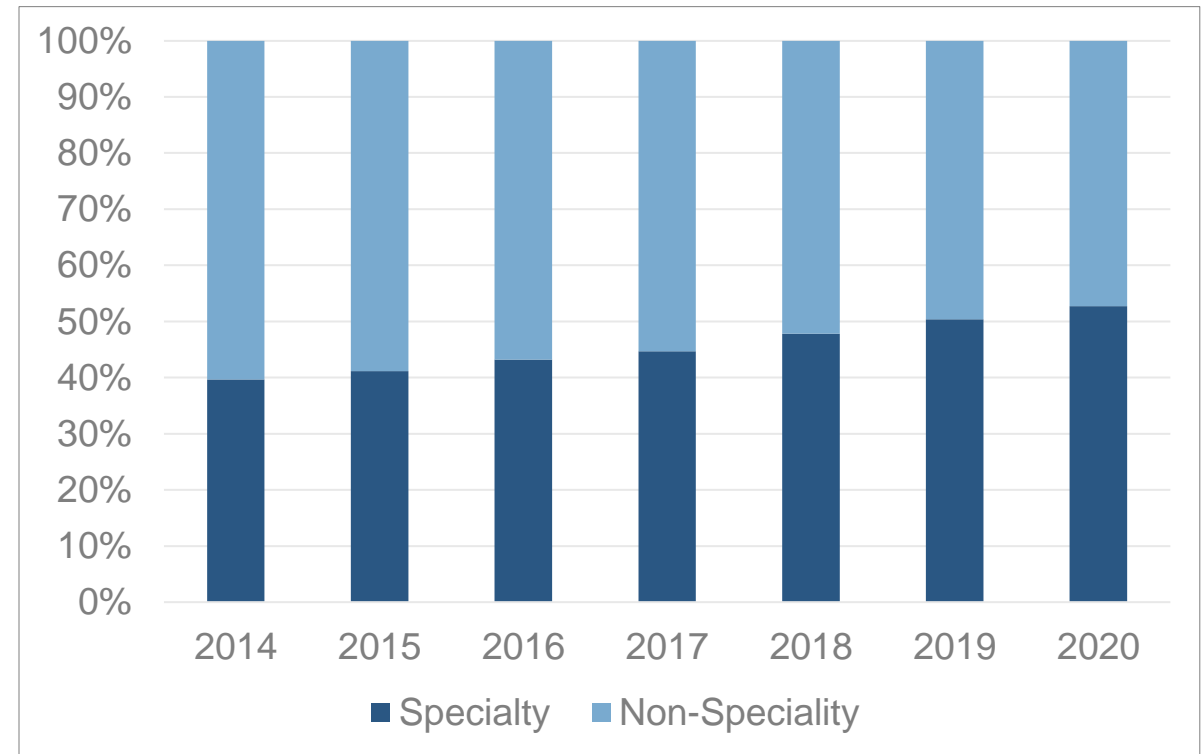


Source: Cubanski, Juliette and Anthony Damico. Key Facts About Medicare Part D Enrollment and Costs in 2022. KFF. August 2022. Accessed March 2024 at: <https://www.kff.org/medicare/issue-brief/key-facts-about-medicare-part-d-enrollment-and-costs-in-2022/>

Average retail price of brand and generic drugs dispensed in Medicare Part D, 2014-2018 *



Share of net per capita spending on specialty vs. non-specialty drugs, United States, 2014-2020 (2020 dollars) **

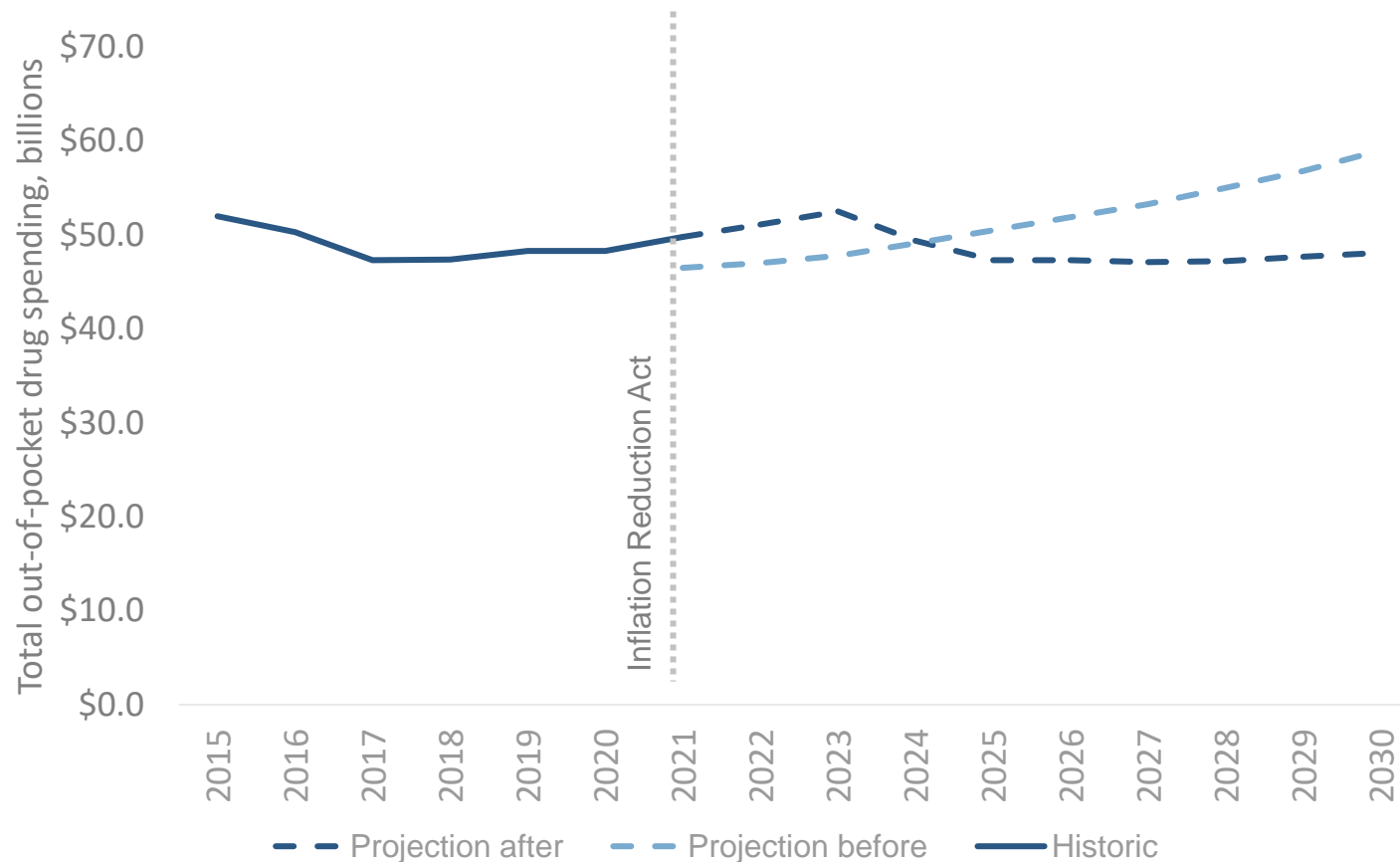


* Source: Congressional Budget Office (CBO). [Prescription Drugs: Spending, Use Prices](#). Accessed March 2024.

** Source: IQVIA. [The Use of Medicines in the US: Spending and Usage Trends and Outlook to 2025](#). Institute Report. Accessed March 2024.

Reforms Might Decrease Patient Exposure to High Drug Prices

Historic and projected out of pocket retail drug spending before and after passage of the Inflation Reduction Act, United States



Inflation Reduction Act reforms include:

- Abolishment of coinsurance for Medicare enrollees above the catastrophic limit
- Direct caps on some drug prices and on drug price growth
- Limits on annual out of pocket spending
- Granting authority to federal government to negotiate certain prices

Source: Wagner, Emma, et al. What are the recent and forecasted trends in prescription drug spending? Peterson-KFF Health System Tracker. September 2023.

Questions?

Thank you!

The Patient Cost Sharing report and dashboard will be published in April 2024

Contact the Sustainable Health Care Cost Growth Target Program at HealthCare.CostTarget@dhsoha.state.or.us.

