

REQUEST:

What data/evidence exists that shows how healthcare consumers who participate in cost sharing (premiums, deductibles, point-of-service co-pays, etc.) comply with providers' orders (including medical advice or directives, follow up visits, missed appointments, medication compliance, therapy compliance, etc.) compared to consumers who do not participate in any kind of cost sharing?

RESPONSE:

Most available research that explores the relationship of cost-sharing and medication adherence, shows a negative relationship between increased cost-sharing and medication compliance (Swartz 2010). Evidence from a 1970 Rand Corporation study, based on their Health Insurance Experiment (HIE), conclusively demonstrated that cost-sharing decreased the number of outpatient visits, but not the intensity and types of services. A 2013 Issue Paper from the Kaiser Family Foundation highlights and synthesizes major research literature on this topic and their results. This paper lists many current state cost-sharing studies and results and is attached to the reply.

As part of its Synthesis Project, The Robert Wood Johnson Foundation released a comprehensive report that noted "recent studies involving the use of prescription drugs found patients reduced their use of both essential and nonessential drugs in response to increased cost-sharing" (Swartz 2010). Earlier, Goldman, et al., (2007) demonstrated that each 10% increase in cost-sharing for prescription drugs is associated with a 2% to 6% decrease in spending. They also found increased cost sharing to be associated with lower rates of drug treatment, worse adherence, and increased rates of discontinuation of therapy.

Other studies have demonstrated higher rates of serious adverse effects and emergency department visits associated with reductions in medication adherence following increased cost-sharing measures with the elderly and those on welfare (Tamblyn et al., 2001), as well as increased risk of hospitalization for patients with Chronic Health Failure (Cole et al., 2006). Research supported by the Commonwealth Fund suggests that value-based cost-sharing can promote the use of high-value care (Thomson et al., 2013).

The Robert Wood Johnson Foundation Synthesis report also discusses the strong evidence that low-income populations are disproportionately affected by increased cost-sharing, which can have adverse financial and health effects for this group. In particular, they examined how benefit

reductions and increased cost-sharing impacted the Oregon Medicaid program. They found that while the introduction of cost-sharing decreased the utilization of health care services, the mix of services became more expensive and there were no budgetary savings. These findings, revealing the unintended consequences of shifting the health care cost burden to vulnerable individuals, are consistent with other work on low-income populations and cost-sharing (HCFO 2011).

The Texas Medical Center (TMC) is also currently conducting a survey of the public on this subject that will be released April 28.

#### SOURCES:

Cole J A, Norman H, Weatherby L B, & Walker A M. (2006). Drug copayment and adherence in chronic heart failure: effect on cost and outcomes. *Pharmacotherapy: The Journal of Human Pharmacology and Drug Therapy*, 26(8), 1157-1164.

Goldman D P, Joyce G F, & Zheng Y. (2007). Prescription drug cost sharing: associations with medication and medical utilization and spending and health. *Jama*, 298(1), 61-69.

HCFO, Changes in Health Care Financing & Organization, RWJF and AcademyHealth. (2011). The complexities of patient cost-sharing. *Issue Brief, February 2011*. Available at: <http://www.hcfo.org/publications/complexities-patient-cost-sharing>

Snyder L, & Rudowitz R. (2013). Premiums and cost-sharing in Medicaid: a review of research findings. *Kaiser Commission on Medicaid and the Uninsured*, February 2013.

Swartz K. (2010). Cost-sharing: Effects on spending and outcomes. Robert Wood Johnson Foundation. Retrieved from [http://www.rwjf.org/content/dam/farm/reports/issue\\_briefs/2010/rwjf402103/subassets/rwjf402103\\_1](http://www.rwjf.org/content/dam/farm/reports/issue_briefs/2010/rwjf402103/subassets/rwjf402103_1)

Tamblyn R, Laprise R, Hanley J A, Abrahamowicz M, Scott S, Mayo, N, & Mallet, L. (2001). Adverse events associated with prescription drug cost-sharing among poor and elderly persons. *Jama*, 285(4), 421-429.

Texas Health and Human Services Commission. Co-pays for non-emergent use of hospital emergency rooms. (2008).

Thomson S, Schang L, & Chernew M E. (2013). Value-Based Cost Sharing in the United States and Elsewhere Can Increase Patients' Use of High-Value Goods and Services. *Health Affairs*, 32(4), 704-12.