

Gasping for dollars: Insurance companies take your breath away

By ACSH Staff — March 29, 2012

Approaching the topic through a scientific standpoint, a new study in the [Journal of the American Medical Association](#) [1] examines the potential effect of out-of-pocket drug costs on patient health. Specifically, researchers looked at how differences in out-of-pocket expenses for asthma medications influenced the use of drugs and hospitalization among children with asthma the most common chronic disease among American children. Many insurance companies aim to reduce their asthma drug costs by increasing the amount that patients must pay for prescription medications, a practice insurers call cost sharing, which actually amounts to decreasing payments by insurers at the expense of patients.

The results of this study, led by a researcher from the School of Public Health at the University of Minnesota, found that there was, in fact, a [significantly higher rate](#) [2] of asthma-related hospitalizations among those children aged 5 to 18 who had the highest out-of-pocket drug expenditures. 2.4 percent of these children were hospitalized, versus 1.7 percent of those in the lowest quarter of costs a significant difference. There was also, not surprisingly, a slightly lower rate of medication use among those children in the age group whose insurance plans had higher out-of-pocket costs.

The results of this study comport with previous research that showed even greater effects of insurance cost sharing on adults management of chronic diseases. ACSH's Dr. Gilbert Ross, who faced similar difficulties in his own practice, notes that, in light of this line of research and the experiences [recounted by other physicians](#) [3], it's clear that the way insurance companies cover (or fail to cover) health care have a profound effect on patient health. The mystery is why the obstacles to doctor-directed care posed by the insurance industry are becoming increasingly stringent, given the industry's increasingly strong financial health. Dealing with insurance red-tape and denials of drug and test coverage is a huge problem, and one reason that young doctors go into more hassle-free specialties at the expense of primary care.

ACSH's Dr. Josh Bloom doesn't like this trend one bit. Instead of access to first-line drugs," he observes, "patients might have to first rely on second- or third-line therapies that may very well fail and only then have a shot at the best drug. As we develop technologically better procedures and therapies, it would seem that they will be beyond the reach of the average individual who has only some giant, bare-bones plan. We seem to be going backwards.

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[1] <http://jama.ama-assn.org/content/307/12/1284.abstract>

[2] <http://jama.ama-assn.org/content/307/12/1316.extract>

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