

PRIMARY CARE INVESTMENT STRATEGIES: EVIDENCE SNAPSHOT

Elimination of Copayments in the Primary Care Setting

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Background

Copayments and other out-of-pocket costs are often used both as methods to recoup money for insurance companies as well as deterrents against seeking unnecessary care.¹ However, health care policy leaders increasingly recognize that such cost-sharing can disincentivize high-value care, such as primary care, which in turn leads to unnecessary usage of emergency departments (ED) and other low-value care.² In contrast, value-based insurance design (VBID) seeks to incentivize the use of cost-effective care through the elimination of copayments and cost-sharing for high-value services.² There is a robust literature assessing the impact of elimination of copayments in the primary care setting on an array of quality and cost measures.

Quality Implications

Removing copayments for medications increases adherence and improves outcomes.

- A reduction in patient share of medication costs was associated with increasing levels of adherence and improved health outcomes (such as lower levels of hypertension or depression) according to 85 percent of the articles included in a review of 160 published research studies.³
- A study of more than five million Medicare enrollees found that lowering or eliminating copayments for generic drugs increased adherence as well as the levels of generic usage when compared to name-brand drugs.⁴

Removing copayments increases utilization of screening and preventive services.

- A literature review of 47 American and international publications found that out-of-pocket payments create financial barriers that can decrease the use of preventive screenings and medications.⁵
- Eliminating cost-sharing for mammograms increased rates of screening by 60 percent, whereas copayments of \$20 reduced rates of screening by between 8 and 11 percent, according to a study of over 15,000 women enrolled in Medicare Advantage plans.⁶

The elimination of copayments does not always lead to higher utilization of primary care or improved health outcomes. Researchers often point to the need for access interventions to accompany cost reduction strategies.

- For patients with poorly controlled blood pressure, the elimination of copayments for needed medications did not improve blood pressure control. Researchers hypothesized that this may have been due to inadequate dissemination of information regarding price.⁷
- New enrollees in the Mississippi health insurance exchange who were offered a free primary care visit upon enrolling in their insurance plan were no more likely to utilize the free primary care visit compared to counterparts from similar states who did not have free visits. The authors noted that while the primary care visit was free, transportation and time off away from work may have impeded access.⁸



Cost Implications

Evidence suggests that eliminating copayments for primary care visits can decrease or stabilize health care spending.

- One study of adult insurance enrollees (n=25,725), found a \$12 per member per month reduction in overall health spending, mainly due to a reduction in ED visits for conditions that could have been treated in primary care settings and lower primary outpatient service utilization.⁹
- A similar study of children (n=25,950) found that although primary care costs increased by \$29 per child, specialist costs decreased by \$12.¹⁰ Children who did not pay out-of-pocket costs had significantly higher numbers of primary care visits and vaccination rates, as well as lower numbers of ED and specialist visits and fewer prescription drug fills.¹⁰

Some researchers assert that removing copayments for medications can lead to increased spending on prescription drugs and overall health care costs.

- One study estimated that the introduction of copayment coupons or reductions increases total health care spending by between \$30 and \$120 million per drug, over a five-year period.¹¹
- A study of 750,000 Blue Cross Blue Shield of North Carolina enrollees in a VBID program found that while the elimination of copayments increased medication adherence and led to a reduction of \$5.7 million in non-medication expenditures, the insurer also incurred \$6.4 million in higher medication expenditures over the course of one calendar year.¹²
- However, research has also found that every 10 percent increase in the use of generic drugs is associated with an estimated \$1 billion in system savings.⁴

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