



# **Potential Effects of CDHPs on Health Spending and Outcomes**

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Congressional Budget Office

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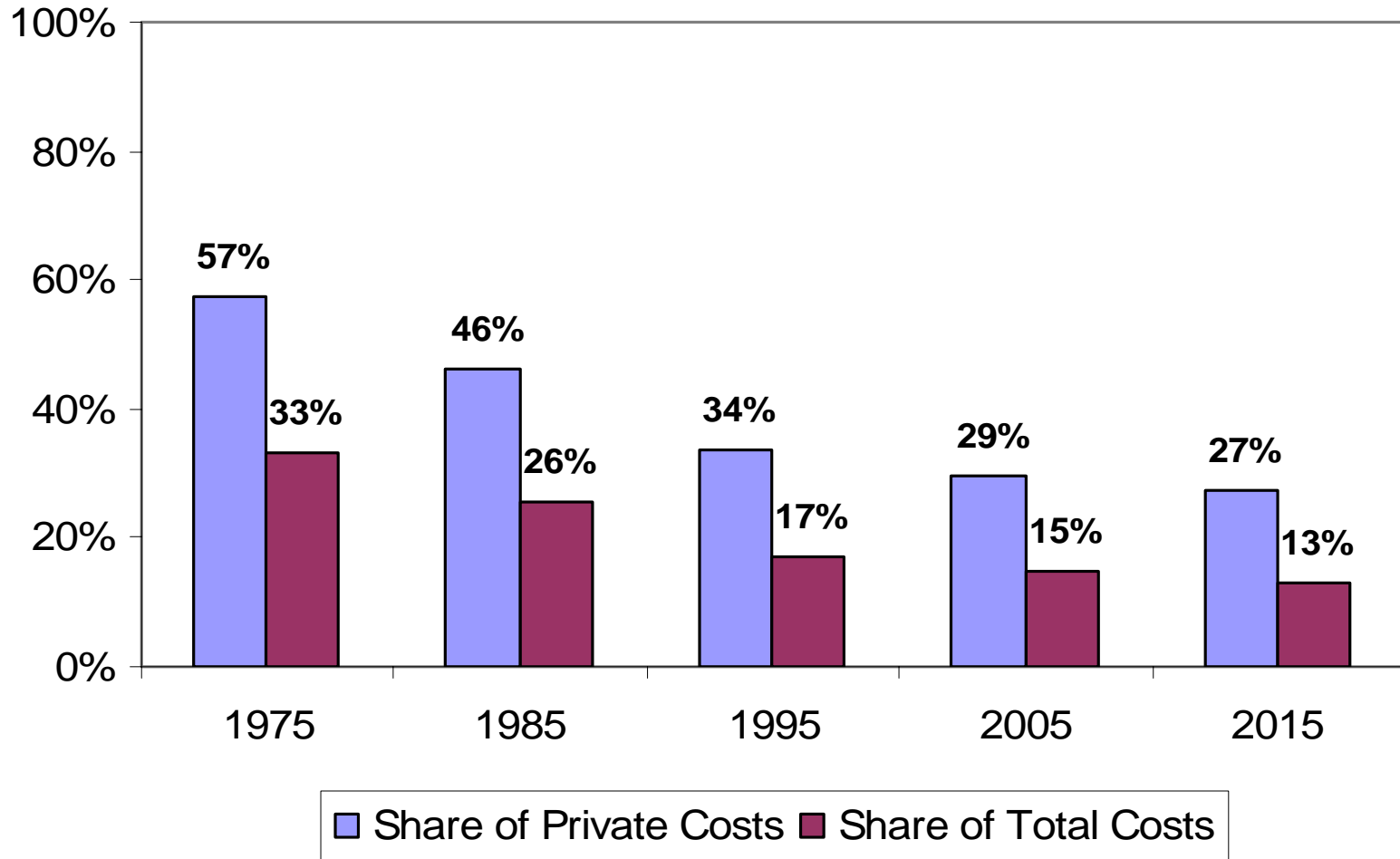


## Scope of the CBO Study

- “Consumer-Directed Health Plans: Potential Effects on Health Care Spending and Outcomes” (Dec. 2006)
- Examined the evidence available to address 3 sets of questions about CDHPs:
  - Effects on use of services and spending if enrollment is broadly representative
  - Effects on prices and quality of care and on health outcomes
  - Potential for favorable selection into CDHPs and implications for insurance markets
- Considered both HSAs and HRAs

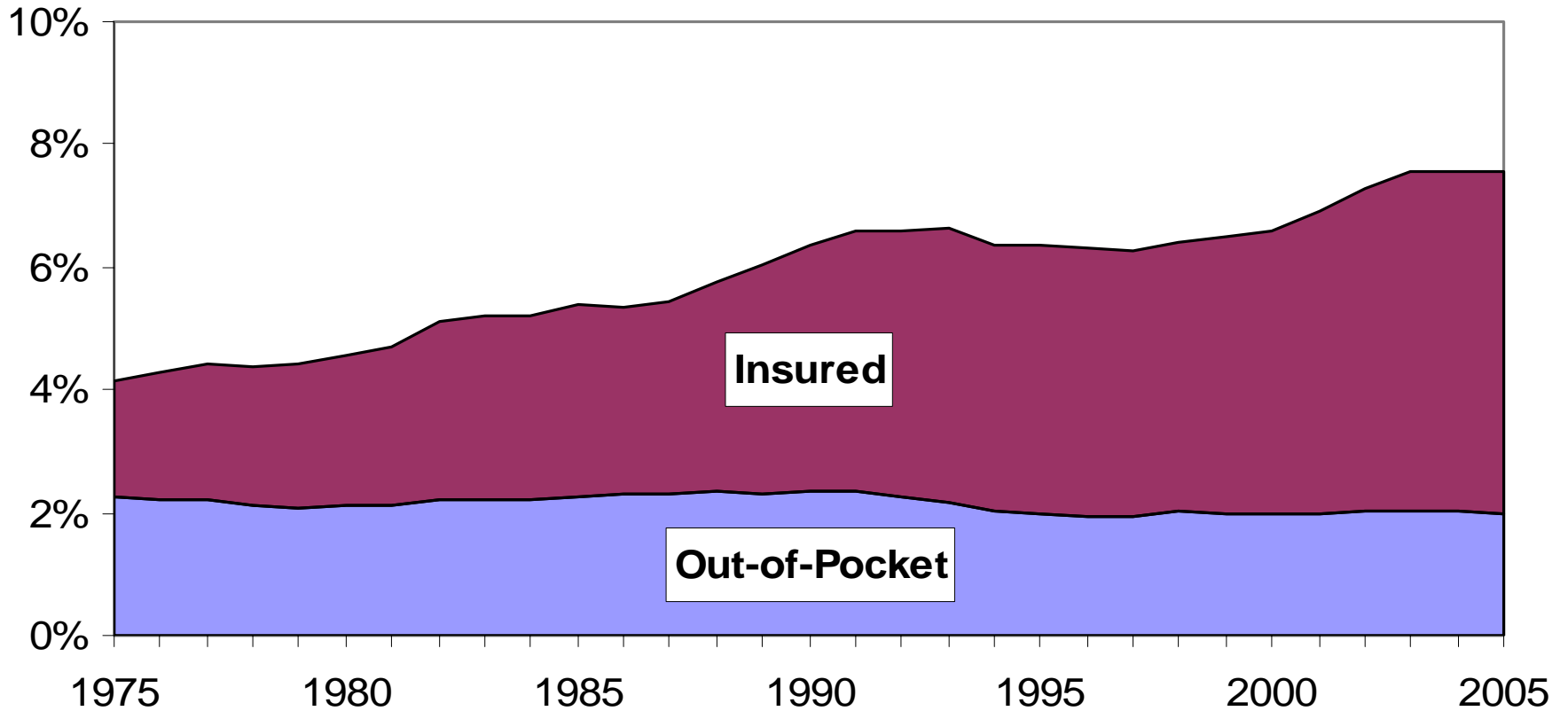


# Share of Health Care Costs Paid Out-of-Pocket



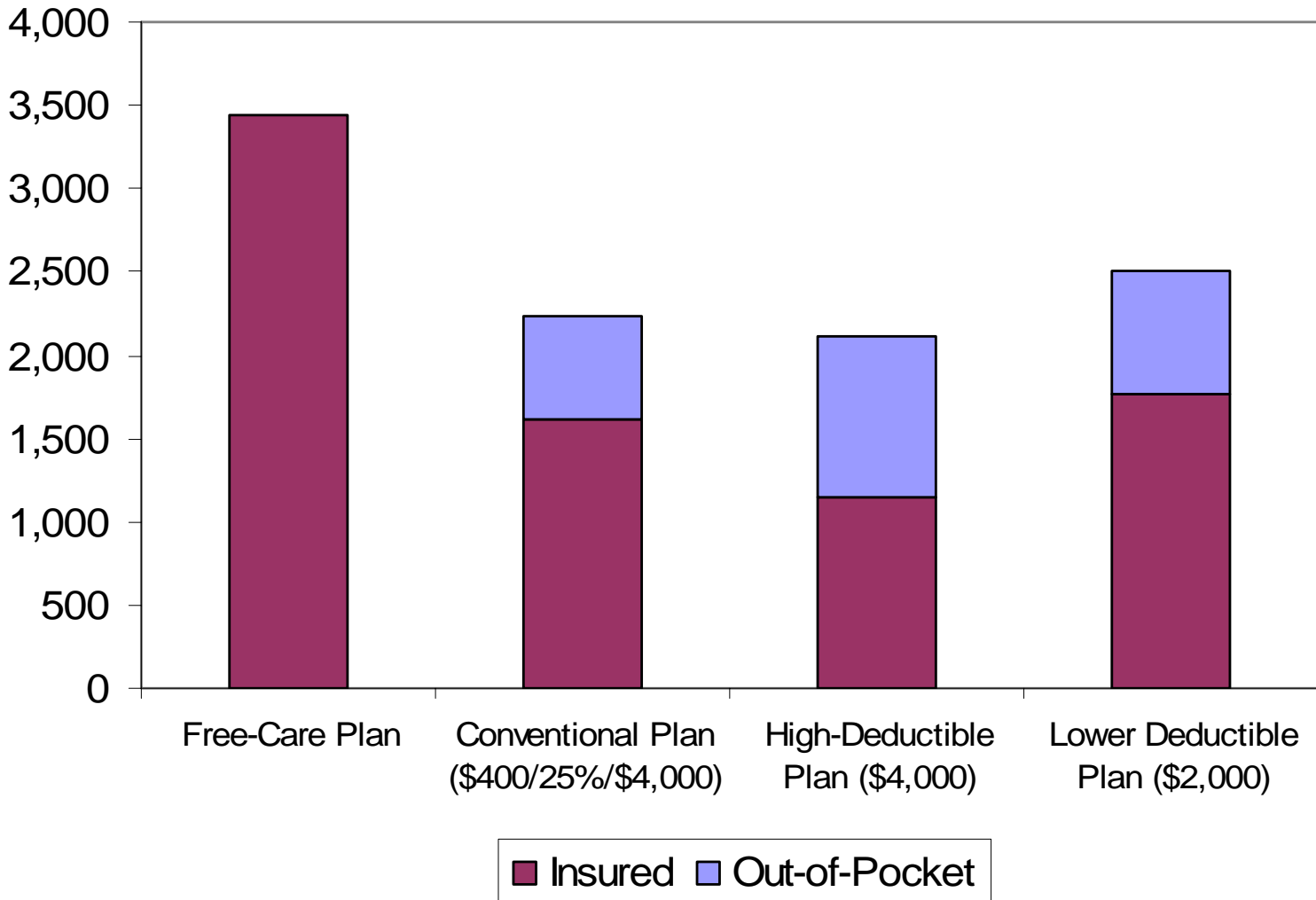


# Growth and Allocation of Private Health Care Costs (Share of GDP)



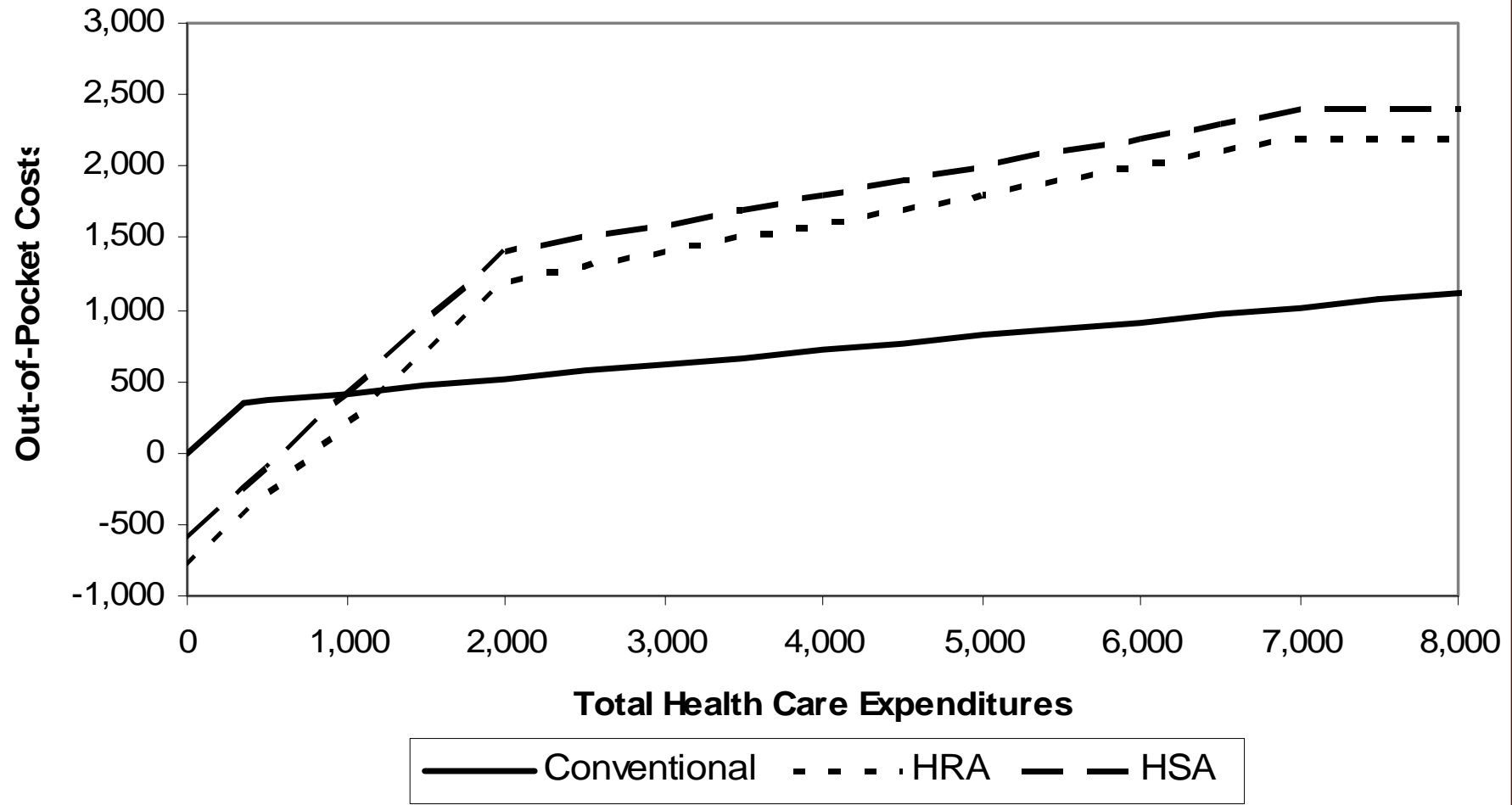


# RAND Experiment Results (Average Costs Projected to 2004 Spending Levels)



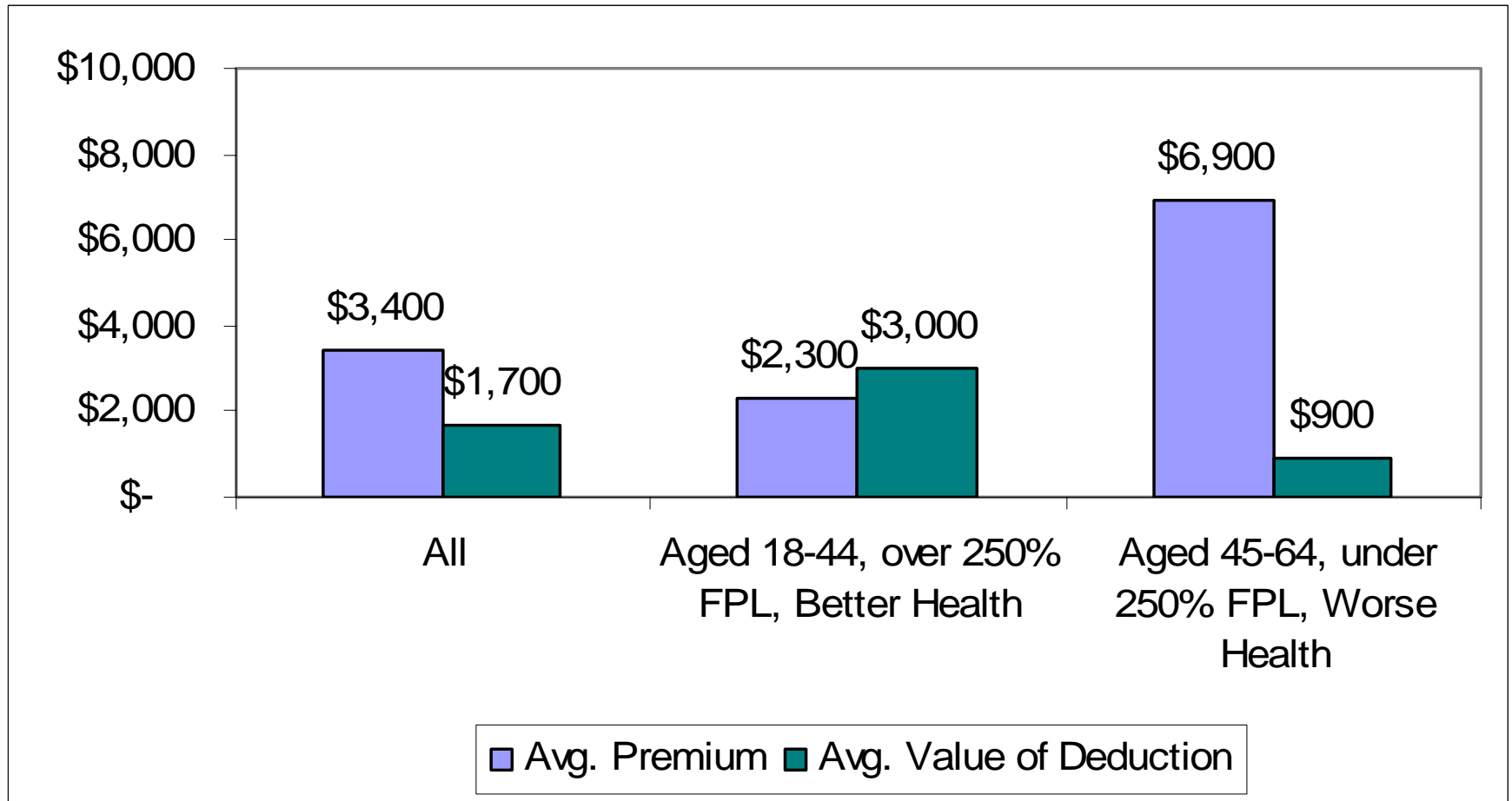


# Comparison of Plan Designs with Equal Value





## Variation in Non-group Premiums and Effective Subsidies with Standard Health Deduction





## Effects of Standard Deduction on Insured Population (Millions)

	Treasury	CBO	Lewin
Uninsured to Non-group		+ 7.0	+ 10.4
Uninsured to ESI		+ 1.3	+ 1.1
ESI to Uninsured		- 1.5	- 2.3
<b>Net Increase in Insured Pop.</b>	<b>+ 3 to + 5</b>	<b>+ 6.8</b>	<b>+ 9.2</b>
<i>ESI to Non-Group</i>		6.3	9.8