

*Benefit Design in Health Care Reform:
Patient Cost-Sharing*

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Foreword

Health care is one of the Nation's preeminent domestic policy concerns. The contemporary health care reform debate has brought to the fore thorny issues surrounding the design of health care benefits. The scope and depth of health insurance coverage can have a substantial impact on the health care services people obtain, on the costs of the health care system, and, ultimately, on the health of the Nation.

This Background Paper is part of an OTA series on *Benefit Design in Health Care Reform* that explores the merits of using information on health effects and cost-effectiveness to formulate health insurance benefits. When it is complete, the series will include publications on general policy issues, coverage of clinical preventive services, benefits for mental health and substance abuse treatment, and patient cost-sharing requirements. The benefit design series is a component of a larger OTA assessment, *Technology, Insurance, and the Health Care System*, which was requested by the Senate Committee on Labor and Human Resources (Edward M. Kennedy, Chairman) and was endorsed by the House Committee on Energy and Commerce (John D. Dingell, chairman), the House Committee on Ways and Means Subcommittee on Health (Willis D. Gradison, then Ranking Minority Member), and Senator Charles E. Grassley (Committees on Budget, Finance, Special Committee on Aging). Other publications related to the assessment include *Does Health Insurance Make a Difference?-background Paper* and *An Inconsistent Picture: A Compilation of Analyses of Economic Impacts of Competing Approaches to Health Care Reform by Experts and Stakeholders*.

This Background Paper examines the health services and economics literature to learn what is known about the effects of patient cost-sharing (that is, annual deductibles, coinsurance, copayments, and out-of-pocket maximums) on patients' use of health care services, on plan expenditures, and on patients' health outcomes.

OTA was assisted in the preparation of this Background Paper by the advisory panel for the *Technology, Insurance, and the Health Care System* assessment, a group of leading health care provider, insurer, business, academic, and consumer representatives, and by numerous other health policy experts. OTA gratefully acknowledges the contribution of each of these individuals. As with all OTA reports, the final responsibility for the content of this Background Paper rests with OTA.



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NOTE: OTA appreciates and is grateful for the valuable assistance and thoughtful critiques provided by the advisory panel members. panel does not however, necessarily approve, disapprove, or endorse this report. OTA assumes full responsibility for the report and the accuracy of its contents.

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