HOT TOPICS

Expanding Patients’ Ability to Sue Their Health Plans—the Jury Is Still Out

One of the most controversial aspects of both Senate- and House-passed patients’ rights legislation is the expansion of patients’ ability to sue their health plans for delay or denial of benefits. A RAND study found that assertions on both sides of the debate are based on assumptions for which there is little hard evidence.

Those who oppose expanding liability predict a flood of costly litigation. The RAND team found that available data are insufficient to support this prediction. Some additional litigation would be likely, but its magnitude and cost are uncertain.

There is also little hard evidence that expanding the liability exposure of health plans will deter them from wrongfully denying benefits. The RAND team’s review of the relevant empirical evidence suggests that the liability system is, at best, an imperfect mechanism for deterring inappropriate behavior. And increased liability may cause plans to approve unnecessary care.

Summary of this study.

Certain Groups Would Benefit Most from Prescription Drug Coverage

As Congress begins this session, one of the major issues on its ambitious health agenda is the cost and coverage of a prescription drug plan for seniors under Medicare. Despite Medicaid and private insurance, many elderly lack coverage for prescription drugs. A RAND study found that several groups, including elderly persons with chronic conditions, those with low incomes, those living in rural areas, and elderly women, are particularly at risk for high out-of-pocket drug expenditures. These groups are most likely to benefit from prescription drug coverage.

Summary of this study.

Seniors May Miss Out on Drug Discounts

In 2001, 18 states introduced bills mandating lower prescription drug prices for Medicare beneficiaries. But seniors may be missing out on the discounts available to them. A RAND study of a drug discount program in California found that 25 percent of pharmacies did not provide the state-mandated discount. The program would save elderly people an average of 20 percent off retail drug prices, but many elderly, especially those with low incomes, are unaware of the law, and some pharmacies did not offer the discount even when asked. These findings suggest that making beneficiaries aware of drug discount laws and monitoring pharmacy compliance are essential to making these programs successful.

Summary of this study.

Health Insurance Benefits Are Linked to Labor Market Conditions

The unresolved issue of health care for the uninsured has resurfaced this session in congressional debate. A RAND study looked at the link between health insurance benefits and labor market conditions. Using data from two large national surveys of employers, the researchers showed that employers are more likely to offer health care insurance, and to contribute a larger share of its costs, in communities where labor markets are tight. Where local unemployment rates are higher, employer health insurance offer rates are lower. Thus rising unemployment rates are likely to reduce access to employer-sponsored coverage—the main source of health insurance for the nonelderly population.

Summary of this study.

Subsidizing Insurance Purchase Would Be Difficult

The House of Representatives’ Ways and Means Committee is exploring the President’s budget proposal to use tax credits to reduce the number of individuals who lack health insurance. RAND research suggests that it will take large subsidies to get the uninsured to buy private coverage.

FORTHCOMING STUDIES

- Analysis of patients’ appeals of benefit denials to two large managed care organizations
- Health insurance coverage and the unemployed: Implications for policies to cover displaced workers

PROJECTS UNDER WAY

- Developing standards for electronic prescribing systems

RAND Health conducts objective research on health, health behavior and health policy. Access to all RAND Health research is available at www.rand.org/health

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