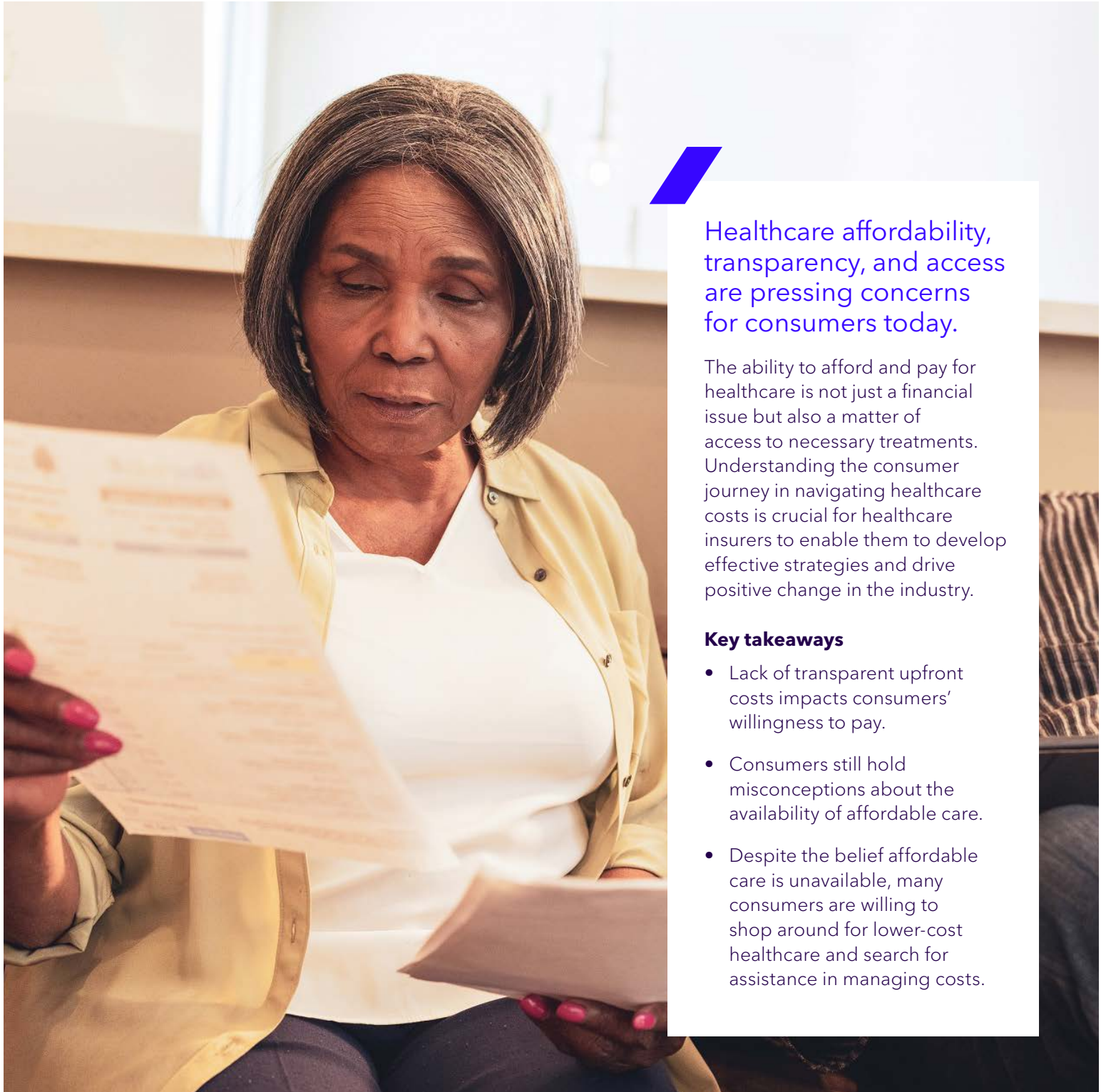# Fact or Fiction: Four Healthcare Affordability Myths

Healthcare affordability, transparency, and access are pressing concerns for consumers today.

The ability to afford and pay for healthcare is not just a financial issue but also a matter of access to necessary treatments. Understanding the consumer journey in navigating healthcare costs is crucial for healthcare insurers to enable them to develop effective strategies and drive positive change in the industry.

Key takeaways

- Lack of transparent upfront costs impacts consumers' willingness to pay.

- Consumers still hold misconceptions about the availability of affordable care.

- Despite the belief affordable care is unavailable, many consumers are willing to shop around for lower-cost healthcare and search for assistance in managing costs.

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State of Healthcare Affordability

This report is based on a survey of U.S. adults with health insurance who have received or paid a medical bill in the last 18 months. The results show despite high rates of health insurance coverage, many consumers struggle with healthcare affordability and reveal common misconceptions, which often influence decisions about seeking care and navigating health insurance plans.

92%
of Americans have health insurance.
Source: U.S. Census
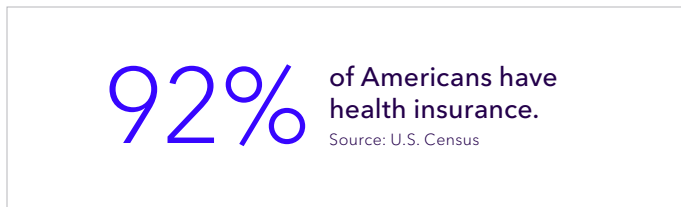
The complexity of the healthcare system burdens consumers: Lack of fee transparency means consumers need help understanding their options and making informed decisions about their health. This highlights the need for improvements to ensure accessing healthcare does not lead to financial hardship.

"[P]ushing more burdens onto consumers and expecting them to navigate the red tape at a time of vulnerability only tilts the field against patients and will result in even more medical debt, which I still believe is the largest cause of bankruptcy in America...Patients already have skin in the game when they seek medical care. We want to improve their health."

—Honorable **Richard Neal,** Massachusetts, Ranking Member, U.S. House Ways and Means Committee

Source: Hearing on Healthcare Price Transparency

A significant portion of consumers face challenges in paying for healthcare, with one-quarter unable to pay a medical bill in the last 18 months. Those on the lower end of the income scale, typically earning less than $100,000 per year, tend to face the most challenges in paying their bills, often resorting to paying over time or not being able to pay at all. Additionally, two-thirds of consumers struggled to pay an in-network bill, highlighting the widespread nature of affordability issues in healthcare.

How consumers paid recent medical bills they struggled to afford.

Income Level	$0-$99,999	$100,000-$199,999	$200,000 or more
Paid all at once	21%	16%	6%
Paid over time	32%	28%	13%
Didn't pay, could not afford it	7%	3%	3%

The inability to pay medical bills not only causes financial strain but also erodes consumers' trust in the healthcare system, resulting in an inability to make truly informed choices at a time when the stress of illness or caregiving leaves them most vulnerable.

How well did you understand each of the following details of your last medical bill?

High understanding of:

What the bill was for	56%
What you owed	48%
How much insurance covered	46%

The study showed that many consumers struggle with understanding their last medical bill, with only a minority reporting high understanding or understanding all aspects of the bill.

Do you have sufficient savings to pay for an unexpected healthcare emergency without placing any financial strain on you and/or your family?

45% Yes

55% No
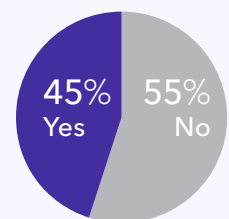
Consumers who have experienced difficulty paying medical bills often face repeated instances of financial strain, affecting their overall healthcare experience, which can lead to distrust in the system along with
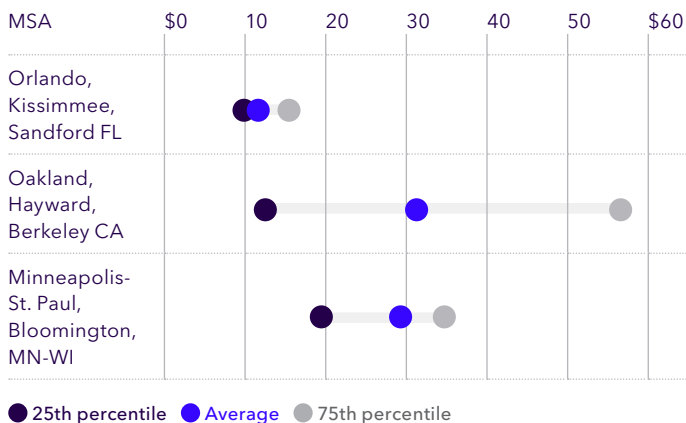
potential financial hardship. This emphasizes the critical need for transparency not just at the outset but throughout the entire healthcare journey, ensuring consumers are well-informed about costs and financial implications at every step.

Size of unexpected charge that could not be paid for all at once.

Less than $100	5%	
$100-$499	14%	
$500-$999	19%	
$1,000-$4,999	25%	
$5,000 or more	28%	
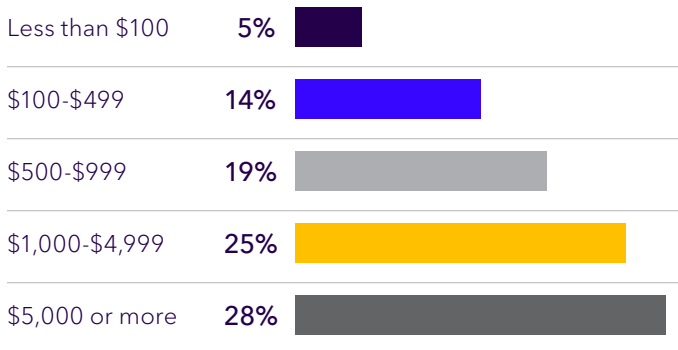
Healthcare costs can vary significantly within a geographic region for the same care or level of service, often depending on the type of setting—such as a hospital outpatient department or an independent physician's office. This makes it challenging for consumers to find lower-cost, in-network providers, compounded by the complexities of insurance networks, which may limit options and steer consumers toward certain providers. As a result, consumers often face obstacles in making cost-effective healthcare decisions.

Average charges for outpatient cholesterol test in large employer plans

MSA	$0	10	20	30	40	50	$60
Orlando, Kissimmee, Sandford FL							
Oakland, Hayward, Berkeley CA							
Minneapolis-St. Paul, Bloomington, MN-WI							

● 25th percentile ● Average ● 75th percentile

Source: Peterson Center on Healthcare and the Kaiser Family Foundation

Healthcare Affordability Myths

1. More affordable care isn't available.

2. I'm fine as long as I go to an in-network provider.

3. My health plan can't help me find affordable care.

4. I have no reason to shop for care if my employer pays for it.

Myth 1: More affordable care isn't available.

The perception that more affordable healthcare options are unavailable persists among many consumers—three-fifths do not believe that shopping for healthcare will yield cost savings. This is often due to a limited understanding of in-network options and the nuances of healthcare pricing. However, contrary to this myth, there are opportunities for consumers to access more affordable care, especially when equipped with the right information and tools. Although there is a need for improvement, two-fifths of consumers are willing to explore lower-cost healthcare options.

Consumers who believe they can find lower cost by shopping for healthcare.

40% Yes   60% No
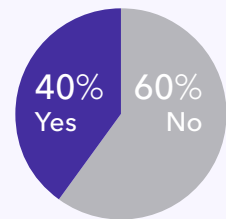
The belief that affordable care isn't available may contribute to the fact that only 25% of consumers have shopped around for healthcare. This reluctance to explore healthcare options could be due to a perception that prices are fixed or that there are limited choices for care.

Additionally, not having access to tools and support to understand the intricacies of healthcare prices, options, and the lack of transparency can further discourage consumers from seeking out lower-cost alternatives.

Consumers that have shopped for lowest cost healthcare.

25% Yes
75% No
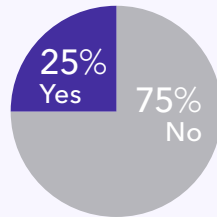
Bridging the gap

Transparent, accessible pricing information and digital tools encourages more consumers to shop around and make more informed decisions about healthcare, while reducing overall healthcare costs.

## Myth 2: I'm fine as long as I go to an in-network provider.

While many consumers believe visiting an in-network healthcare provider guarantees financial protection, this is not the reality of healthcare costs. While insurance plans generally offer lower rates for in-network services, factors like high deductibles, co-payments, and out-of-pocket expenses can still strain finances. Surprise medical bills from out-of-network providers, even when receiving care at an in-network facility, further complicate matters.

Services provided that could not be paid for

In-network:	67%
Out-of-network:	26%
Unsure:	8%

Many consumers trust their health insurance company to help navigate bills not covered by insurance, reinforcing the belief that staying in-network is sufficient to manage costs. However, this trust may contribute to the misconception that in-network providers guarantee manageable costs. There can be significant costs associated with in-network care due to price variations among providers in the same area.

Average charges of office-based lower back MRIs in large employer plans

● 25th percentile ● Average ● 75th percentile
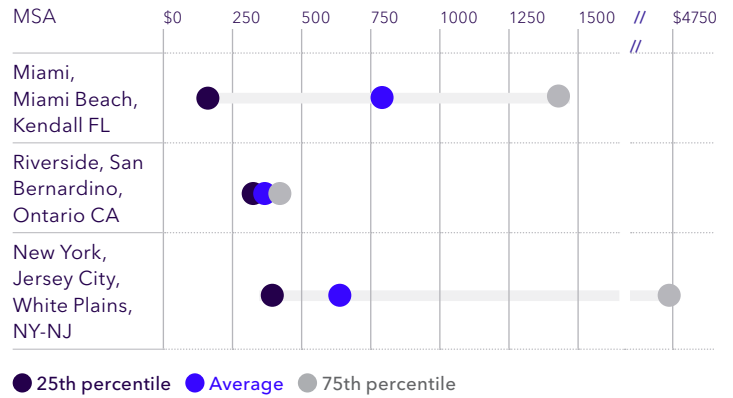
Source: Peterson Center on Healthcare and the Kaiser Family Foundation

37% of consumers believe their health insurance company is the most trusted resource to navigate bills not covered by insurance.

Because in-network care doesn't guarantee consistent pricing, it is challenging for consumers to compare costs and services effectively. This lack of transparency can result in higher healthcare expenses. Additionally, consumers often struggle to find quality care within their insurance network and may hesitate to switch providers due to existing relationships, even if it could save them money. These challenges reveal the need for solutions that prioritize affordability and continuity of care.

"All of my doctors and specialists are in a particular network, and it's too difficult to find quality care to start over."
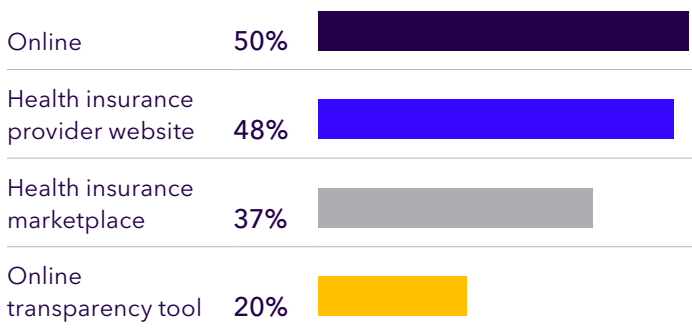—One patient respondent

Bridging the gap

Insurers must enhance consumer education on the complexities of healthcare pricing and promote the use of cost comparison tools to empower consumers to make more informed decisions. Additionally, health plans have an opportunity to provide clear, accessible information on the costs associated with different in-network facilities and doctors, which can help relieve excess stress and confusion for consumers.

Myth 3: My health plan can't help me find affordable care.

There is a common misconception that health plans are unable to assist in finding affordable care. However, consumers seeking guidance on paying bills from hospitals and insurance companies suggest a desire for help navigating healthcare costs.

Sources used when searching for lower-cost healthcare

Online	50%
Health insurance provider website	48%
Health insurance marketplace	37%
Online transparency tool	20%

Consumers frequently seek ways to make informed decisions about their healthcare by searching for lower-cost healthcare online, including health insurance provider websites and online transparency tools. This indicates that consumers are open to using trustworthy resources provided by their health plans to find affordable care. Health plans have an opportunity to proactively assist members before they face siginificant bills and confusion trying to make sense of their bill.

"I don't understand all the terms used in insurance and medical billing."

–One patient respondent

By coming alongside members in a personal way, such as through a help desk or dedicated team, health plans can alleviate stress and provide a clearer understanding of available options, improving consumers' financial well-being and satisfaction with the healthcare system.

90% of consumers who speak to a concierge care team choose the better value option, with a 78% scheduling rate.
Source: Internal research

Many survey respondents expressed difficulties in understanding insurance and medical billing terminology, demonstrating the need for clearer information and guidance. They believe that having assistance would improve their understanding of available options and alleviate the stress associated with dealing with insurance. These sentiments make clear the importance of providing support and education to enhance customer satisfaction and help members understand their options.
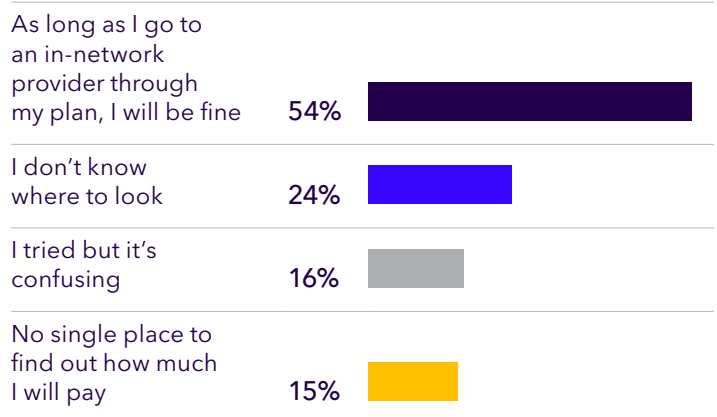
Bridging the gap

Health plans can enhance consumer satisfaction and financial outcomes by providing resources or services that help their members understand options and navigate billing challenges. Offering presonalized support through a help desk or dedicated member care team can further improve the member experience and help activate patients to find the right care.

Myth 4: I have no reason to shop for care if my employer pays for it.

Due to a perceived assurance in their employer-sponsored plan's coverage or uncertainty about where to find alternative options, many consumers do not actively shop for healthcare. This can lead to missed opportunities to save on healthcare costs or access higher-quality care. Understanding the limitations and out-of-pocket costs associated with these plans is essential for making informed healthcare decisions.

Reasons for not shopping for healthcare

|	
As long as I go to an in-network provider through my plan, I will be fine	54%
I don't know where to look	24%
I tried but it's confusing	16%
No single place to find out how much I will pay	15%

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"It costs the same no matter where you go."
—One patient respondent

Incentivizing members to shop for healthcare can help them feel more involved in the decision-making process, even if their employer covers the costs. Incentives like cost-sharing arrangements or rewards for choosing lower-cost, high-quality providers enable employers to encourage employees to take a more active role in their healthcare choices.

Challenges affording healthcare, even with employer-sponsored coverage, lead to unpaid bills and financial stress for many individuals. This suggests there are gaps in coverage, opportunities for cost savings, and additional rewards for shopping that consumers may not be aware of. By encouraging consumers to shop for more affordable care and providing them with the necessary tools, support, and rewards, employers can help alleviate financial burdens and improve access to quality healthcare for their employees.

Consumers who were unable to pay a medical bill in the last 18 months.

72% Yes
28% No
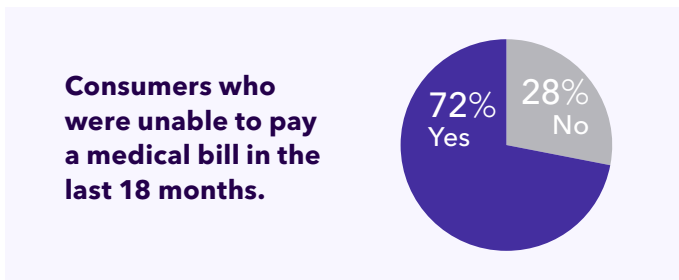
Consumers who believe they are unable to pay for healthcare may delay seeking care, leading to serious health consequences. Postponing care can result in the progression of illnesses or conditions, requiring more complex and costly treatments in the future and reducing the quality of life. This reinforces the urgent need to address affordability concerns and provide access to affordable care options.

68% of consumers plan to delay healthcare due to being unable to pay for it.

Bridging the gap

Employers can incentivize employees to shop for healthcare by offering cost-sharing arrangements or rewards for choosing lower-cost, high-quality providers. This approach can lead to more informed decision-making, lower healthcare costs, and greater employee satisfaction and engagement with healthcare benefits.

Empowering healthcare consumers

Encouraging consumers to shop around for lower-cost healthcare can significantly reduce overall healthcare costs and improve outcomes. Price transparency empowers consumers to make informed healthcare decisions, highlighting the benefits of shopping for care. Incentivizing members to shop goes a long way in helping them feel invested in the decision-making process.

Health insurers play a crucial role in this process, as they have a stake in ensuring their members receive the care they need. Understanding the consumer journey and providing tools to help members navigate healthcare costs are essential for insurers to fulfill their role effectively.

By debunking the four myths, we underscore four fundamental principles for enhancing the consumer experience and ensuring better health outcomes for all:

- **Affordability** has a direct impact on access to care.

- **Understanding** upfront costs is vital for transparency.

- **Shopping** for care can lower costs and improve outcomes.

- **Incentivizing** activates members to shop for care.

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Meet SmartShopper

Zelis offers a powerful price transparency and incentivization tool designed to help health plans empower their members to make confident healthcare decisions. SmartShopper® not only provides members with options to save money but also rewards them for making high-value care choices. By reducing out-of-pocket expenses and lowering total cost of care, this service benefits you, your members, and their employers.

Learn more here.

About Zelis

Zelis is modernizing the healthcare financial experience by providing a connected platform that bridges the gaps and aligns interests across payers, providers, and healthcare consumers. This platform serves more than 750 payers, including the top-5 national health plans, BCBS insurers, regional health plans, TPAs and self-insured employers, and millions of healthcare providers and consumers. Zelis sees across the system to identify, optimize, and solve problems holistically with technology built by healthcare experts – driving real, measurable results for clients.

Learn more at zelis.com.
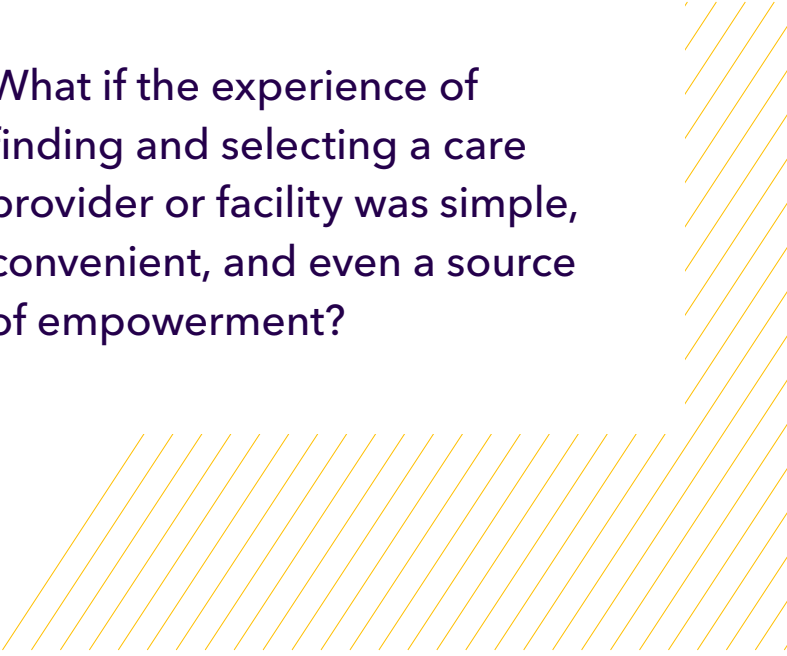
Survey methodology

The findings are based on a survey that was administered online in August 2023. Respondent are U.S. consumers over the age of 25 who have health insurance plan that qualifies for a Flexible Spending Account and is provided by an employer, and they must have received or paid a medical bill in the last 18 months. Eighty-two percent have an annual income greater than $50,000 and 72% are employed full time. Sixty-four percent are married, with 55% living in the suburbs, 24% in an urban location, and 21% in a rural area.

Meet S365

S365 is a navigation platform that simplifies the process of finding care and understanding costs for services. S365 offers an integrated provider finder with costs and provider quality scores.

In addition, S365 meets the Transparency in Coverage (TiC) requirements and further offers additional components which allow members to search for virtual care, compare drug costs, access medication coupons, and even book appointments on-line. By empowering members with information, S365 enables them to make informed decisions, improve healthcare outcomes, and save on costs.

Learn more here.

What if the experience of finding and selecting a care provider or facility was simple, convenient, and even a source of empowerment?