

# MEASURING HEALTH INSURANCE LITERACY IN CONNECTICUT



**VOLUME 1**

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Health Disparities Institute

## **HEALTH INSURANCE LITERACY SURVEY REPORT**

A summary of the results of the first study to measure health insurance literacy among Connecticut residents enrolled in private health insurance plans under the Affordable Care Act.

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# ABOUT THE HEALTH DISPARITIES INSTITUTE

## STATUTORY AUTHORITY

Connecticut General Statutes Sections 10a-109b (2011): UConn Health and UConn John Dempsey Hospital are to advance health care, education, and economic development in the state by supporting the development of a health disparities institute sponsored by the University of Connecticut that will enhance research and the delivery of care to minority and medically underserved populations of the state.

## VISION

Everyone in Connecticut will have an opportunity to enjoy good health and well-being.

## MISSION

To reduce disparities by turning ideas shown to work into policies and actions.

HDI will establish UConn Health as a leader in health equity by creating a collaborative environment that brings together different perspectives to look at root causes and potential solutions to health disparities.

The Institute's work features community based participatory research methods, interdisciplinary collaboration models, and university-community partnership approaches with a translational impact on health outcomes.

## LEADERSHIP

Dr. Judith Fifield is the Director of HDI and Dr. Victor Villagra is the Associate Director.

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# HEALTH INSURANCE LITERACY IN CONNECTICUT

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## SUMMARY

People with private health insurance must have sufficient literacy skills to understand when, where, and how to access health services and avoid costly errors caused by using plan benefits incorrectly. Without adequate health insurance literacy (HIL), people can experience administrative hassles, delays in care, denials of coverage, and receive unexpected medical bills. Presently there is no information about the HIL of Connecticut citizens enrolled in private health insurance plans.

This report presents results from a 2016 survey measuring the HIL of 516 adult Connecticut residents enrolled in a qualified health plan (QHP) through Access Health CT.

The survey shows that some QHP enrollees struggle to understand basic health insurance terminology and how to use their benefits correctly. People with lower educational levels have lower HIL skills; however, when we compared the HIL in people with the same educational level, we found significant differences by race, ethnicity and language preference with Black and Hispanic enrollees having more difficulty than Whites. As more people enroll in private health insurance, widely disparate HIL should be viewed as a previously underappreciated but remediable source of healthcare disparity.

Developing solutions will require a coordinated state-wide strategy that should include insurance carriers, Access Health Connecticut, academia, providers, the state and community organizations. In the short run, HIL education and outreach programs must be deployed and tested to assess their effectiveness. Resources should focus first on decreasing the current racial/ethnic gap. Complementary strategies should include more and better in-person consumer support through trained “insurance coaches”. In the long run access to simpler, more consumer-friendly health insurance plans could have the greatest impact in promoting health equity and enhancing the value of health insurance for all Connecticut citizens.

## INTRODUCTION

In the last four years thousands of Connecticut residents have enrolled in private health insurance plans called qualified health plans (QHPs) under the Affordable Care Act (1). These plans provide access to “essential health benefits”, a list of services that every plan must cover such as in-patient hospital care, mental health, prescription medication, pregnancy and childbirth.

These covered services help people maintain and improve their health, yet Access Health CT (AHCT) reports that many enrollees are not using their insurance benefits and still do not have a primary care doctor<sup>i</sup>. In light of those observations and news reports of surprise medical bills and other difficulties, the Health Disparities Institute developed this study to find out if enrollees have the health insurance literacy they need to use their benefits to achieve good health and wellbeing.

## OUR RESULTS

We asked 516 adults enrolled in an Access Health CT private plan to identify the meaning of basic health insurance terms or to select the best answer on how they would use their insurance.

Highlights of our results include the following:

- Adults enrolled in an AHCT private plan answered 8 out of 13 questions correctly (62%)
- 1 in 5 enrollees (20%) did not understand the use of the insurance word “premium”
- 2 out of 3 enrollees (66%) did not understand the word “formulary”
- Only 1 out of 3 enrollees could calculate their out-of-pocket cost of a hospital bill when a deductible and a copay were part of the insurance benefit
- Only 4 out of 10 enrollees knew that “in-network hospitals do not always have in-network doctors”

## HEALTH EQUITY AND HEALTH INSURANCE

People who purchase the same insurance plan and pay the same premium should get similar benefits. Some individual differences based on a person’s previous experience with health insurance, attitudes towards the healthcare system, trust and other factors can be expected. However when entire demographic groups are found to be disadvantaged, that is considered a healthcare disparity. Our survey shows significant disparities by enrollees’ education level, race and ethnicity (Figure 1).

<sup>i</sup> Personal communication with Access Health CT

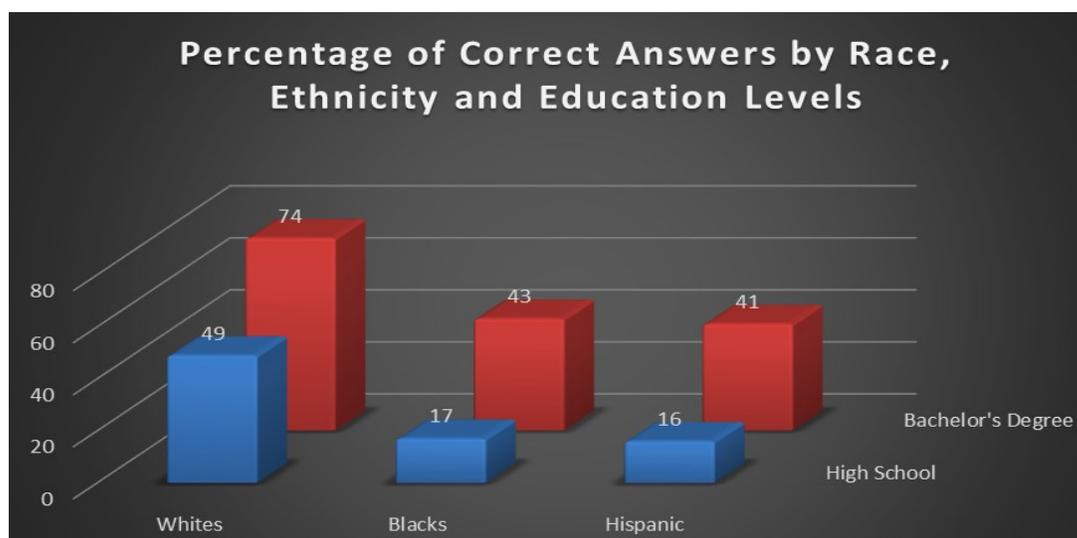


Figure 1: Health Disparities Institute, 2016

Although higher education level is generally associated with higher health insurance literacy, Blacks and Hispanics with the same education level as Whites, scored lower on our survey.

- ◆ Whites with a Bachelor's degree averaged 9.6 out of 13 questions right (75%) *while* Blacks and Hispanics with the same degree averaged 5.6 out of 13 questions (43%) right
- ◆ Whites with a high school diploma averaged 6.4 out of 13 questions right (50%), *while* Blacks and Hispanics with a high school diploma averaged 2.3 out of 13 questions right (17%)

Enrollees who chose to take the survey in English scored higher on average than those who chose to take it in Spanish.

- ◆ English speakers on average answered 10.5 out of 13 questions right (80%)
- ◆ Spanish speakers on average answered 6.5 of 13 questions right (50%)

This disparity is large and it matters because it can have an impact on enrollees' opportunity to access care with confidence and to be financially protected. Future studies should explore the root causes of disparities related to health insurance.

## HOW HEALTH INSURANCE LITERACY HELPS CONSUMERS

Good health insurance literacy skills make it possible for people to get the care they need in the most efficient and cost-effective way. For example, HIL lets people:

- ◆ Determine when a service is covered by their plan—and how much of it is covered
- ◆ Figure out their out-of-pocket costs
- ◆ Save money on prescription drugs, doctors' visit, emergency room or hospitalizations
- ◆ Avoid surprise medical bills
- ◆ Reduce time-consuming and frustrating administrative hassles

## IMPLICATIONS FOR CONNECTICUT AND BEYOND

The health care law requires that insurance sold through Access Health Connecticut be similar in scope to those offered by a typical employer plan. Given the similarity of insurance products sold through AHCT or outside of it, our findings should prompt additional HIL studies in other population groups because low HIL may be more prevalent than expected and is a potentially solvable problem.

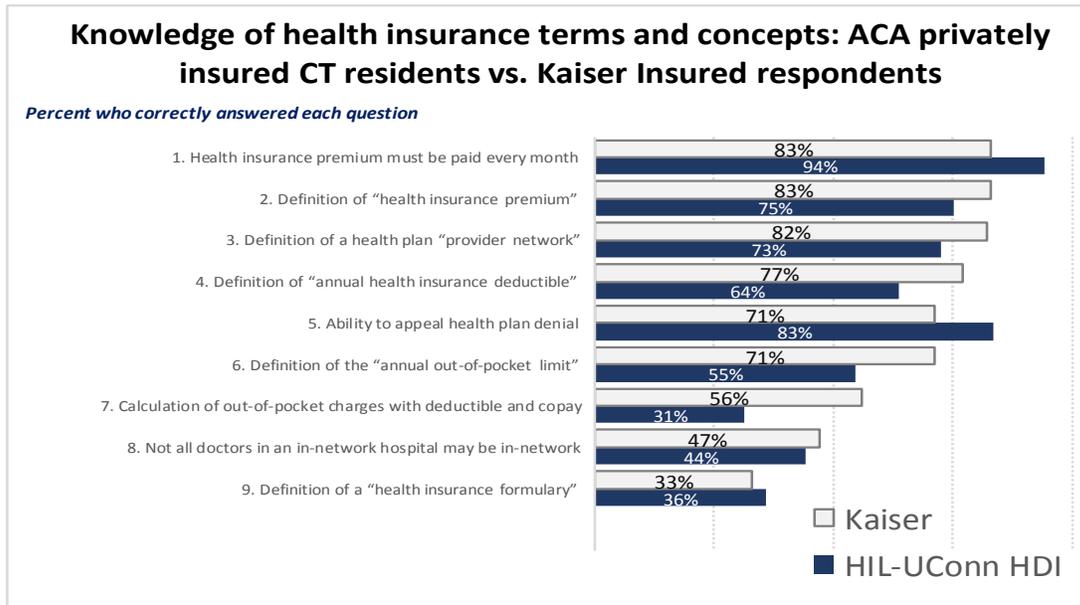


Figure 2: Health Disparities Institute, 2016 (Note: Kaiser survey included Medicare, Medicaid, and employer-sponsored insurance)

A national Kaiser study (Kaiser Family Foundation, 2014) showed somewhat comparable results among insured individuals (Figure 2). These results indicate that Connecticut is not unique and that insured people everywhere may have similar challenges understanding how to use their plans.

## HOW TO IMPROVE HEALTH INSURANCE LITERACY IN CT

To improve health insurance literacy and make health insurance work for all Connecticut residents, the Health Disparities Institute recommends the following:

- Pursue studies to identify best HIL educational practices
- Use the results of the UCONN HDI survey to set objective, improvement goals
- Launch a coordinated effort with insurance companies, Access Health CT, community organizations and other stakeholders to improve HIL in the most vulnerable populations
- Focus efforts on communities of color and people with high school education or less
- Measure health insurance literacy in Connecticut periodically

## CONCLUSION

Health insurance literacy is an important skill that CT residents must have to access the care they need while avoiding administrative hassles and costly errors. Our survey results show that many Connecticut residents, especially people of color struggle to understand insurance terminology and perform financial calculations required in today's complex plan designs.

These problems are difficult to overcome, but a state-wide strategy aimed ultimately at enhancing the value of health insurance for all is needed. In the short run an aggressive educational campaign, with additional resources from health insurance carriers and other stakeholders is the best way to start improving health insurance literacy. With baseline data gathered by this survey future progress can be measured objectively.

Complementary strategies should include the provision of in-person support by appropriately trained navigators or "insurance coaches". In the long run access to simpler, more consumer-friendly insurance plans may be the best approach to achieve greater health equity and to enhance the value of private health insurance for Connecticut citizens.

## References

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To read the full report visit our website:

[Health.uconn.edu/health-disparities](https://Health.uconn.edu/health-disparities)

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