



MEMO

September 22, 2015

TO: State Health Reform Assistance Network

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RE: Health Insurance Literacy

Under the Affordable Care Act, millions of Americans gained health insurance coverage through Medicaid and Qualified Health Plans. However, there is a firm evidence base that health insurance coverage alone doesn't always translate into access to care. Recent research shows that this is in part related to the fact that individuals often struggle to understand how their health insurance works and how they can use it to access care.¹

The purpose of this memo is to provide high level background information about health insurance literacy. The memo begins with a definition of health insurance literacy and a description of the impact that health insurance literacy can have on individual behavior. Next is a summary of research on consumer knowledge around health insurance enrollment and using their health insurance benefits. Finally, the memo includes information on the best messengers for conveying insurance-related information and recommendations on effective ways of increasing health insurance literacy based on evidence to date.

What is health insurance literacy?

An important distinction when addressing health insurance literacy is the difference between health insurance literacy and health literacy. Health insurance literacy is a component of health literacy, but focused specifically on the knowledge that an individual needs to make decisions about their insurance coverage.

Health literacy is defined as "the degree to which individuals can obtain, process, and understand the basic health information and services they need to make appropriate health decisions."²

This distinction is important because it differentiates knowledge about insurance coverage from knowledge about how to access services.

Health insurance literacy can be defined as “the degree to which individuals have the *knowledge, ability, and confidence* to find and evaluate information about health plans, select the best plan for their own (or their family’s) financial and health circumstances, and use the plan once enrolled.”³

As evident in the HIL definition, a health insurance literate person knows what the purpose of coverage is, knows where to go and what the process for enrolling in coverage entails, and understands how to use their coverage. In addition, they are able to compare plans and understand the trade-offs associated with certain benefits. Not surprisingly, there are a number of **skills and abilities** fundamental to HIL. Consumers must be proficient in reading, numeracy (the ability to evaluate, and understand numbers such as percentages), and to a certain degree, navigating the internet.⁴

Specifically, numeracy is an area of increasing focus by HIL advocates and researchers. These skills are increasingly important as plans shift to tiered networks and benefits that have versions in copays versus co-insurance. Beyond knowledge and skills, it is also important that consumers have **confidence** in their own HIL in order to put these skills into action. For example, the decision making of individuals with a high level of knowledge about health insurance is impacted if they are concerned about their own level of knowledge (e.g. they worry about seeing a doctor because they don’t feel confident that they have correctly interpreted network rules).

Why is HIL important?

Health insurance literacy is crucial in order for consumers to obtain and, importantly, keep coverage and use benefits. It is especially important in 2015 because many previously uninsured individuals, who may be less familiar with health insurance, are seeking and gaining coverage. Evidence demonstrates that consumers with higher levels of health insurance literacy report higher satisfaction with their coverage and are more likely to retain their coverage for a longer time, at least as related to knowledge of the 2014 ACA coverage provisions.⁵ Satisfaction with coverage is likely higher for these individuals because they better understand how the product they selected works, what they can expect from the benefits package, and they were better prepared to select a product that meets their needs. Along the same lines, they are more likely to keep coverage they are satisfied with and know how to use. Conversely, those with lower HIL may take longer to enroll or not enroll at all, experience delayed or foregone care even once they are enrolled, or drop coverage that did not meet their expectations.^{6,5}

What do consumers know about selecting and navigating coverage?

Despite the increasing importance of HIL, many consumers report not having enough information at the time of enrollment. Even those who possess the knowledge and skills needed to make choices about their health insurance often lack the confidence needed to translate their knowledge and abilities into enrollment and use of coverage. Unsurprisingly, insured individuals report higher levels of HIL than the uninsured, but surveys from Open Enrollment 2 (OE2) indicated that 9 in 10 enrollees wanted more information about how to use their insurance benefits.⁵ This desire for more information among the insured, combined with low levels of HIL among the uninsured, demonstrates the need for education across the board. Still, a closer look at the demographics associated with HIL provides a targeted scope for tailoring HIL interventions.

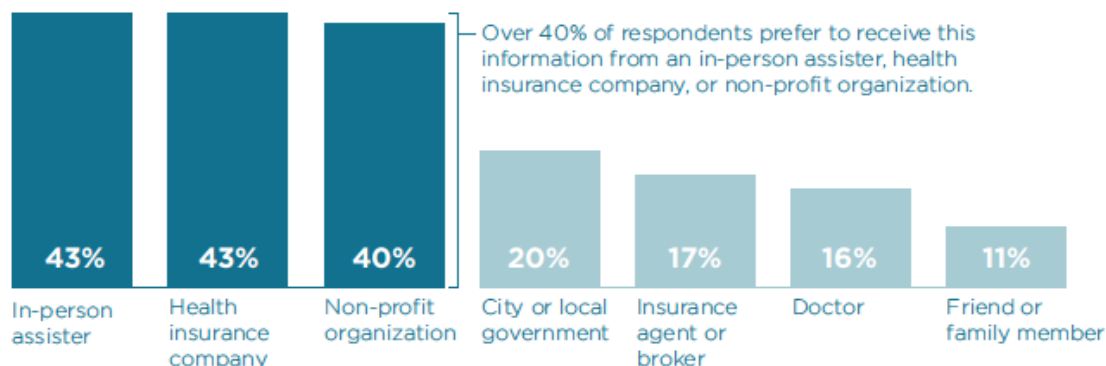
Among the insured, there may be a relationship between HIL and the level of tiered Marketplace plans that consumers select. For example, a National Health Council 2015 survey found that only 26 percent of those with Bronze plans felt they had enough information at the time of selecting coverage, compared to 42 percent of those with Gold plans.⁷ In addition, although some consumers may report that they do not need information about the ins and outs of coverage, studies from the American Institutes for Research (AIR) demonstrate that consumers' own confidence in their understanding of common coverage terms and domains is often overestimated.⁸ Furthermore, research shows that the intricacies of health insurance coverage, including the number of plan options, variations in cost-sharing structures, etc. lead to reduced ability to exercise knowledge and skills. In particular, as the number of plan choices increases, consumers are less able to choose the best plan for themselves.^{3,9,10}

According to the Health Reform Monitoring Survey (HRMS), consumers who are uninsured, of lower income, nonwhite, with less than a high school education, and of poorer health status are more likely to report "limited" health insurance literacy and numeracy.¹¹ HIL also differs significantly by race and ethnicity. Specifically, HIL is low among uninsured Latinos, and among adults with low levels of formal education.¹¹ It is important to note that the characteristics of those with low health literacy mirror those who are likely to remain uninsured. Despite recent gains in coverage, those who are low income, nonwhite, and have less than a high school education continue to have high rates of uninsurance.¹²

Where do consumers want to go for information?

As described above, it is clear that consumers want more information to help them select and navigate their health insurance coverage. In order to effectively communicate this information, it is critical to identify the best messengers for this information. Enroll America's OE2 survey provided insight into where both current enrollees *and* the uninsured want to receive information.⁵ As seen below, over 40% percent of both the uninsured and current enrollees want information from in-person assisters and health insurance plans, and only 20% percent or less want information from city or local government, agents or brokers, or friends and family. However, there were some important differences between enrollees and the uninsured.

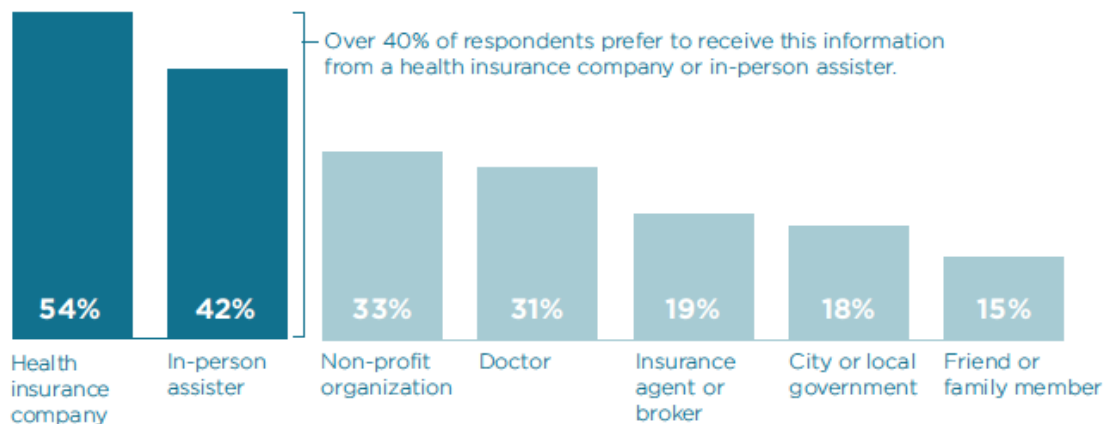
Figure 1. Who Do the Uninsured Want to Receive Information From on Health Insurance?



Source: Enroll America

Forty percent of the uninsured preferred to receive information from non-profits, compared to one third (33%) of enrollees. The uninsured were also much less likely to want information from their doctor; 31 percent of enrollees wanted information from doctors, but only 16 percent of the uninsured preferred this source.⁵

Figure 2. Who Do Marketplace Enrollees Want to Receive Information From on How to Use Their Coverage?



Source: Enroll America

What are effective (or ineffective) ways to improve HIL?

As part of its recent focus on health insurance literacy, Enroll America has been trying to learn not just what consumers know and need to know, but how to improve literacy. In addition, there is recognition that, along with improving literacy, health plans themselves need to work at making health insurance easier for consumers to understand and navigate.

An experiment conducted during OE2 demonstrated that providing only written, general information about common health insurance terms and how to navigate insurance is not an effective manner of increasing literacy or enrollment rates. In particular, Enroll America conducted an experiment where individuals were randomly selected to receive emails with this information. Compared to the group that did not receive this information, those who did were no more likely to report increased knowledge or to have enrolled.⁵ This suggests that more intensive efforts may be needed to affect both knowledge and behavior. However, this intervention did not test any other method of health literacy education, such as phone or in-person assistance/education and therefore it is still not clear which methods are effective at increasing literacy.

Still, Enroll America suggests that more plan-specific information is needed to help consumers select plans and use their benefits. Rather than providing general information, which was not shown to be effective, they recommend that consumers be given information about navigating their particular health plan, or to compare differences between various plans. For example, they recommend tools that leverage personal information to estimate potential tax credit levels and health plan comparison tools that allow a comparison of benefits and cost sharing across plan options.⁵ A recent study in West Virginia

had similar findings. Enrollees reported wanting help “comparing different plans,” “calculating cost,” and “figuring out if a plan covers my medications.” “Filling out an application” was the area in which enrollees reported needing the least help.

A recent SHADAC study found that assisters (e.g. Navigators and In Person Assisters) as well as brokers are often the “go to” source of information about health insurance and health care (both related to enrollment and after enrollment). These assister professionals often become an enrollee’s “lifelong health liaison.” While most assisters don’t turn people away, many report that they don’t feel qualified to answer many of the questions they are asked. In addition, most are not funded to provide this assistance.¹³

Recommendations

Improving HIL is a complicated undertaking that will require a concerted effort by stakeholders in all segments of the health system. Health Insurance Marketplaces are in a good position to take the lead on these efforts and to develop strategies to improve HIL over time.

Develop a plan: Solving the problem of HIL is a huge undertaking. In addition, other demands on the Marketplaces continue to increase as funding declines. For this reason, Marketplace staff should develop a plan to address HIL with distinct goals and objectives. This will help staff avoid scope creep into activities that are unfunded and unsustainable.

Don’t reinvent the wheel: Before developing HIL collateral, Marketplace staff should look for existing sources of information. This includes information put out by healthcare.gov, other Marketplaces, community organization (and/or assister organization) and health plans.

Support assisters: One high impact activity is to provide training to assisters to offer support around HIL. Assisters are currently providing these services and are seen as trusted messengers. If possible, also consider including HIL activities as part of the funding formula.

Partner with major health plans and providers: Health plans and providers seem to be trusted sources of information related to health insurance literacy and both have an incentive to assure people are effectively enrolling and maintaining coverage as well as making good plan choices. Consider a partnership where materials are jointly produced, but messages are delivered by health plans and providers.

Leverage online tools: Across several studies, shop and compare tools as well as cost calculators have been noted as effective ways to support health insurance selections. While it might be cost prohibitive to develop tools in-house, consider linking to publicly available tools (e.g. [Get Covered Calculator](#)) or “borrowing” or purchasing technologies from other states.

Measurement: Consider using surveys or focus groups to measure the current level of HIL among enrollees. This can provide information on disparities in HIL level and support “in reach” efforts.

Consider the level of plan choice: While the ACA attempted to simplify health insurance choice through essential benefits and metal tiers, in many places consumers must sift through a large number of plan options. In addition to focusing on HIL, some states are considering modifying the system to meet the consumers where they are by restricting plan choice and variation.

¹ http://airpcpe.org/wp-content/uploads/2014/10/11801-451-05_Issue_Brief_102014.pdf

² Berkman ND, Sheridan SL, Donahue KE, Halpern DJ, Viera A, and Crotty K. Health Literacy Interventions and Outcomes: An Update Systematic Review. Rockville, MD: Agency for Healthcare Research and Quality, U.S. Department of Health and Human Services, 2011. Accessible at <http://www.ncbi.nlm.nih.gov/books/NBK82434/>.

³ Consumers Union, University of Maryland College Park, and American Institutes for Research. *Measuring Health Insurance Literacy: A Call to Action*. Washington, DC, 2012. Accessible at http://consumersunion.org/pub/Health_Insurance_Literacy_Roundtable_rpt.pdf.

⁴ Institute of Medicine. *Health Literacy and Numeracy: Workshop Summary*. Melissa G. French, Rapporteur. Washington, DC: National Academies Press, 2014.

⁵ Stern SA. *Framework on Health Insurance Literacy for the Outreach and Enrollment Community*. Washington, DC: Enroll America, 2015. <https://www.enrollamerica.org/a-framework-on-health-insurance-literacy-for-the-outreach-and-enrollment-community/>.

⁶ Dorn S. *Implementing National Health Reform: A Five-Part Strategy for Reaching the Eligible Uninsured*. Washington, DC: Urban Institute, 2011. Accessible at <http://www.urban.org/sites/default/files/alfresco/publication-pdfs/412335-Implementing-National-Health-Reform-A-Five-Part-Strategy-for-Reaching-the-Eligible-Uninsured.PDF>.

⁷ National Health Council. *What Patients Think About & Want From the Insurance Marketplace*. Washington, DC: National Health Council, 2015.

⁸ American Institutes for Research. *A Little Knowledge Is a Risky Thing: Wide Gap in What People Think They Know About Health Insurance and What They Actually Know*. Washington, DC: AIR, 2014.

⁹ Shaller D. *Consumers in Health Care: The Burden of Choice*. Oakland, CA: California HealthCare Foundation, 2005.

¹⁰ Wood S, Hanoch Y, Barnes A, Liu PJ, Cummings J, Bhattacharya C, & Rice T. Numeracy and Medicare Part D: The importance of choice and literacy for numbers in optimizing decision making for Medicare's prescription drug program. *Psychology and Aging*, 2011: 26(2), 295-307.

¹¹ Long SK, Shartz A, & Politi M. *Low Levels of Self-reported Literacy and Numeracy Create Barriers to Obtaining and Using Health Insurance Coverage*. Washington, DC: Urban Institute, 2014. Accessible at <http://hrms.urban.org/briefs/Low-Levels-of-Self-Reported-Literacy-and-Numeracy.html>.

¹² SHADAC. "Uninsurance Rates for the United States in 2014 and 2014.", September 17, 2015. Accessible at http://www.shadac.org/files/shadac/publications/aff_2701_US_2013_2014_0.pdf.

¹³ SHADAC. "Medicaid Enrollment Success: The Experience of Seven States." Pending publication.