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AT A GLANCE

Own-to-Rent Transitions and Changes in Housing Equity for Older Americans, by Sudipto Banerjee, Ph.D., Employee Benefit Research Institute

- Owning is the most common housing arrangement for older Americans: At age 65, more than 8 in 10 Americans report living in houses they own.
- The transition rate from home ownership to renting is 3 percent at age 50, bottoming out at 1.6 percent at age 65. However, these transition rates increase after age 85, reaching a peak of 4.7 percent at age 90.
- Death of a spouse is the most common factor associated with a transition from owning to renting. The next common factor is a drop in household income.
- Median household income for those between ages 50 and 64 who continue to own their home is $79,758, while those who shift from owning to renting in that same age group have a median household income of $53,520.
- Ownership rates are very different for couples and singles, but don't change a lot across owners' ages. The home ownership rate hovers around 90 percent for couples and 60 percent for singles.

Health Plan Choice: Findings from the 2011 EBRI/MGA Consumer Engagement in Health Care Survey, by Paul Fronstin, Ph.D., Employee Benefit Research Institute

- Nearly one-half (47 percent) of covered workers had a choice of health plans in 2011.
- Forty-two percent of large firms offered two or more choices of health plans, compared with 15 percent of smaller firms. Half of consumer-driven health plan enrollees reported that they chose that offering because of the lower premium, while 45 percent reported that the opportunity to save money in the account for future years was a primary reason.
- Among individuals with traditional health coverage, 39 percent cited the good network of providers and 32 percent reported the low out-of-pocket costs as the main reasons for enrolling in the plan.

Own-to-Rent Transitions and Changes in Housing Equity for Older Americans

By Sudipto Banerjee, Ph.D., Employee Benefit Research Institute

Introduction

This article documents recent trends in older Americans' transitions from owning to renting and the evolution of their housing equity. This article also documents the income patterns of both types of households—those that make the transition from owning to renting and those that don't—to determine if older households' income shortfalls prompt such transitions. It also looks at other possible factors, such as the death of a spouse, entry into nursing homes, etc., which might prompt such transitions, and documents how these trends vary among couples and single (both male and female) households.

Housing is often the largest single component of household assets. But in one particular way, housing is also a unique asset, having the potential to be an asset that also provides consumption of housing services (Hurd, 1990). Possibly for this reason, the older population's housing wealth does not follow the steady and expected decumulation pattern (Feinstein and McFadden 1989; Venti and Wise 2002, 2004) suggested by economic theory. But still, a part of the older population changes their housing arrangements as they age, moving from owning to renting or other arrangements that reduce their housing equity.

The data for this study come from the University of Michigan's Health and Retirement Study (HRS), which is sponsored by the National Institute on Aging, and is the most comprehensive national survey of older Americans. HRS is a biennial survey started in 1992 with primary respondents who are at least 50 years old, along with their spouses, irrespective of the spouse's age. For this article, data from 1998 to 2010 are used to document the biennial transition from owning to renting; unless otherwise noted, this analysis covers the entire 1998–2010 range of data.

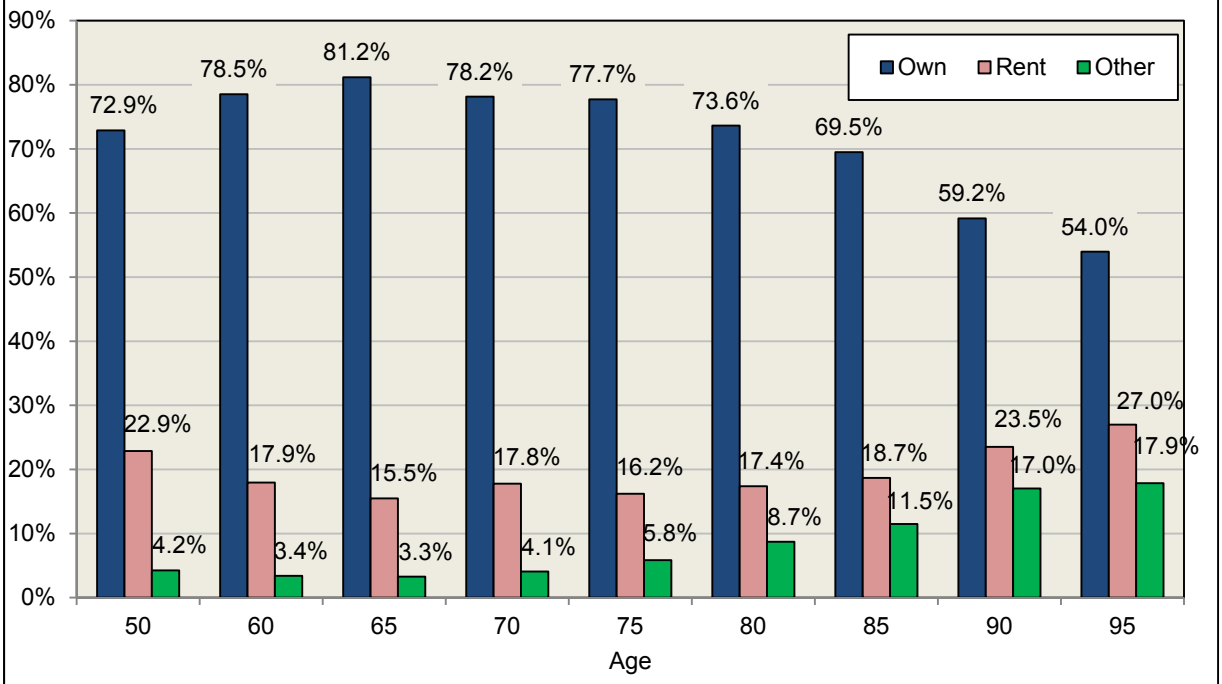
Change in Housing Arrangements as Americans Age

Figure 1 shows how housing arrangements for those 50 or older change as people age.[1] The data illustrate three different types of housing arrangements:

- Owning a house.
- Renting a house.
- Other arrangements, which include living with family members or friends.

Owning is the most common housing arrangement for older Americans. At age 50, almost 73 percent of households report living in houses they own, a rate that increases to 81.2 percent by the age of 65 and then declines slightly to 77.7 percent by age 75. After that point, ownership rates decline steadily. At age 85, almost 70 percent of households live in their own houses, but that drops to about 59 percent and 54 percent at ages 90 and 95, respectively. On the other hand, trends in renting show the exact opposite pattern: Renting reaches a relatively high mark at age 50 (almost 23 percent), but drops to 15.5 percent by the age of 65. After age 75, renting steadily increases: At 75, 16.2 percent of households report living in rented homes, compared with 27 percent at age 95. Other housing arrangements show a similar pattern to renting: At age 50, only 4.2 percent of households report living in other arrangements, which declines to 3.3 percent at age 65 before reversing course and increasing steadily. At age 85, 11.5 percent households report such arrangements, compared with almost 18 percent for those at age 95.

Figure 1
Trends in Different Types of Housing Arrangements Across Ages



Source: Employee Benefit Research Institute estimates from the Health and Retirement Study.

Figure 2 illustrates how these housing arrangements change across age groups and various family types. Households are divided into four age groups (50–64, 65–74, 75–84, and 85 and above), and also are divided into three household types based on their marital status (couples, single males, and single females) (Appendix A shows the distribution of different family types in the overall sample and also across the different age groups). Note that home ownership rates are not only much higher among couple households than single households, but ownership rates don't change much across different age groups for couple households. For those between 50 and 64, 89.2 percent report living in their own houses. That rises to 90.8 percent among 65–74 year olds and slips back to 87.5 percent for those ages 85 or higher, suggesting that very few couples change home ownership status as long as they are together.

Figure 2
Change in Housing Arrangements Across Different Age Groups and Family Types

	Own			Rent			Other Arrangements		
Age Group	Couples	Single male	Single female	Couples	Single male	Single female	Couples	Single male	Single female
50–64	89.2%	57.2%	60.0%	9.1%	34.1%	33.4%	1.7%	8.4%	6.5%
65–74	90.8	64.6	65.3	7.1	29.4	27.4	2.0	6.0	7.2
75–84	88.7	62.1	66.4	7.8	26.1	22.6	3.5	10.5	10.8
85 and Above	87.5	59.7	60.0	10.1	28.4	26.0	2.3	11.8	13.8

Source: Employee Benefit Research Institute estimates from the Health and Retirement Study.

Home ownership rates for singles are not only much lower (hovering around 60 percent), but similar trends are evidenced for both male and female singles. For example, among single males, the home ownership rate at ages 50–64 is 57.2 percent, rising to 64.6 percent among 65–74-year-old males before slipping back to 59.7 percent for those 85 or older. Similarly, among single females, ownership rate at ages 50–64 is 60 percent, which climbs up to 65.3 percent for those between ages 65 and 74, then drops back to 60 percent for those 85 or older.

Renting patterns are very different among couples and singles. While 9.1 percent of couples ages 50–64 are renters, that drops to 7.1 percent among those 65–74 before rising to 10.1 percent for those ages 85 or older. In contrast, among singles, renting rates mostly show a decreasing pattern except among those ages 85 and older. Just over a third (34.1 percent) of single males between the ages 50 and 64 are renters, as are 33.4 percent of single females in the same age group. This rate falls to 26.1 percent and 22.6 percent for single males and females, respectively, between the ages of 75 and 84, before increasing to 28.4 percent for single males and 26 percent for single females. This increase in the highest age group could be a result of an increasing number of widows/widowers moving from owning to renting.

Own–to–Rent Transitions

For those who decide to reduce their housing equity as they age, a possible choice is to transition from owning to renting their home. While this might be a choice for some, for others it may not: Older households' income shortfalls, when retirement income sources (such as payouts from traditional defined benefit pensions, withdrawals from defined contribution retirement plans or individual retirement accounts (IRAs), or Social Security benefits) fall short of retirement expenses, could lead to such transitions.

This makes it important to find out the incidence of such transitions among the aging population and then trace the possible factors behind such transitions.

Figure 3 shows the percentage of households with at least one member age 65 or above who made such transitions. These rates steadily increase from 1.8 percent in 1998–2000 (as mentioned previously, HRS is a biennial survey, hence the transition rates reported are over two–year spans) to 2.7 percent in 2004–2006, but drop in 2006–2008, rising again to 2.6 percent in 2008–2010. This may not necessarily mean that the increasing transition rate is a time trend. HRS is a panel survey, which means that same group of individuals is studied over time. Even though newer cohorts are added in later survey years, the HRS sample as a whole is aging, so it is important to find out how these own-to-rent transition rates change across different ages.

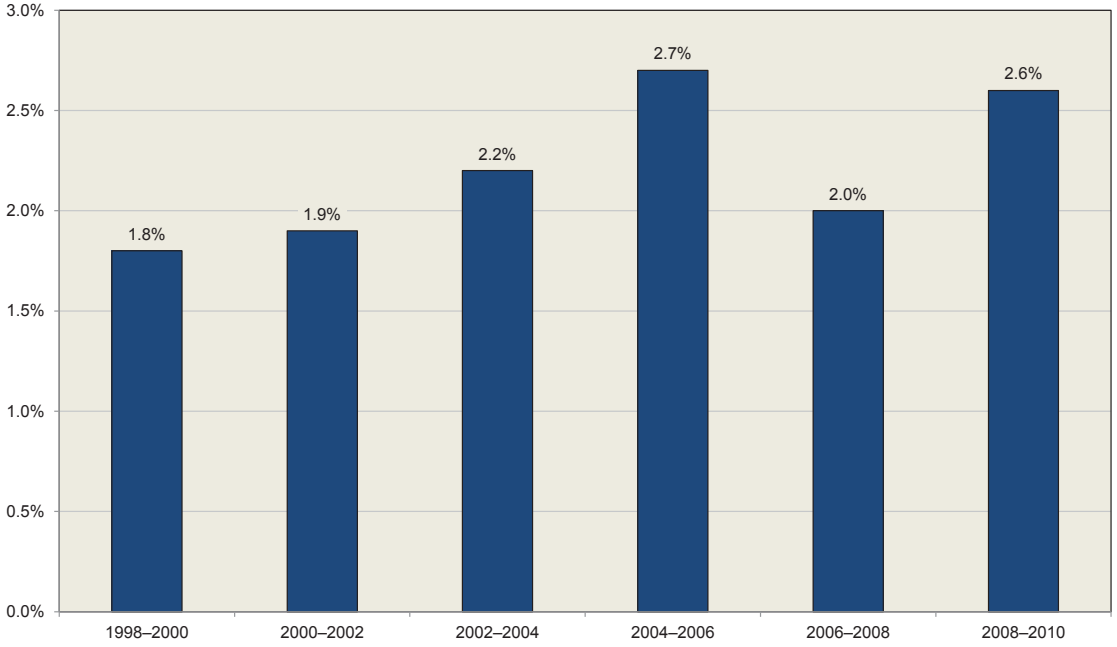
Figure 4 shows the transition rates from home ownership to renting at various household ages, and it illustrates that transition rates are comparatively higher at early ages. For example, 3 percent of households at age 50 report making such transitions, and the transition rate continues to decrease until age 65 (1.6 percent). Between ages 65 and 80, this rate of transition increases very slowly, but from ages 85 and above it shows relatively large increases. For example, the rate of own-to-rent transition is highest at the age of 90 (4.7 percent). This suggests that factors related to aging might be driving such transitions.

Factors Associated With Own–to–Rent Transitions

Figure 5 shows the incidence of three important factors typically associated with own–to–rent transitions: a drop in household income, death of a spouse, and nursing home entry of a family member (self or spouse). The data show that death of a spouse is the most common factor associated with such a transition: Almost 42 percent of households that went from owning to renting experienced the death of spouses. The next–most common factor is a drop in household income: 30.5 percent of households that made such transitions also reported drops in household income. However, these two factors are not mutually exclusive (spousal Social Security income ends with death of a spouse) and the same household can experience both factors. Finally, just over 1 in 10 households that shift from owning to renting report nursing-home entry of a family member (self or spouse).

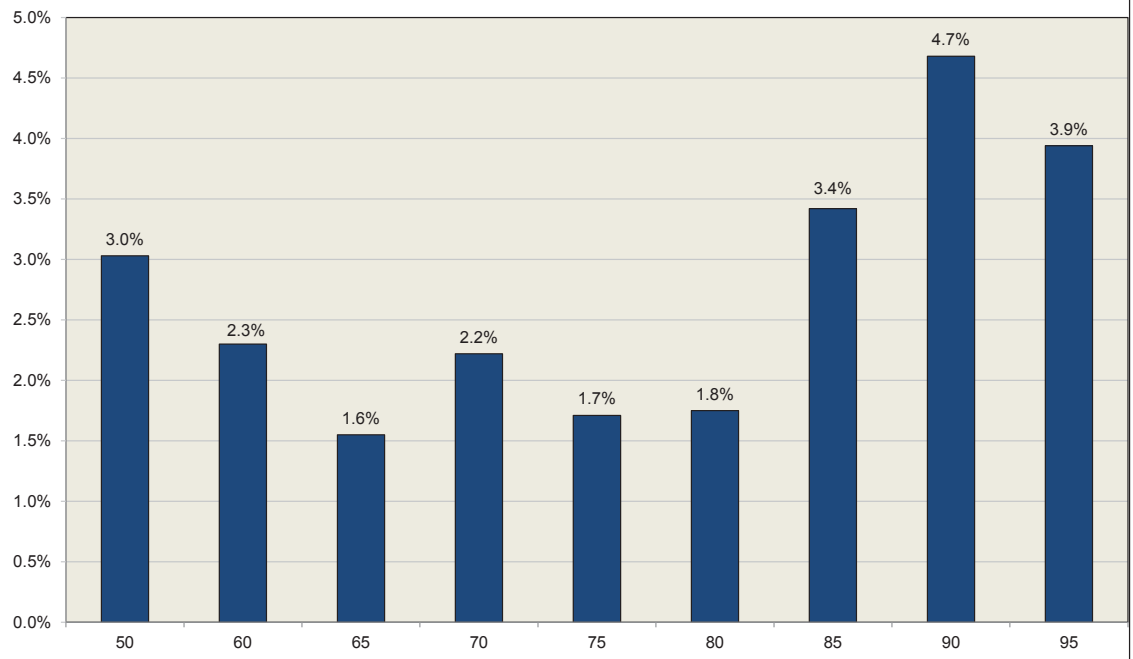
This study also explores how different the economic backgrounds are for those who move from home ownership to renting versus those who continue to own. Figure 6 shows median household income,[2] median household financial wealth,[3] and median total household wealth[4] for both types of households within each age group mentioned in Figure 2. Note that for the younger age groups in this sample, the differences in income and wealth (both financial and total)

Figure 3
Transition Rates from Home Ownership to Renting (Between 1998 and 2010) Among Households With Members Age 65 or Above



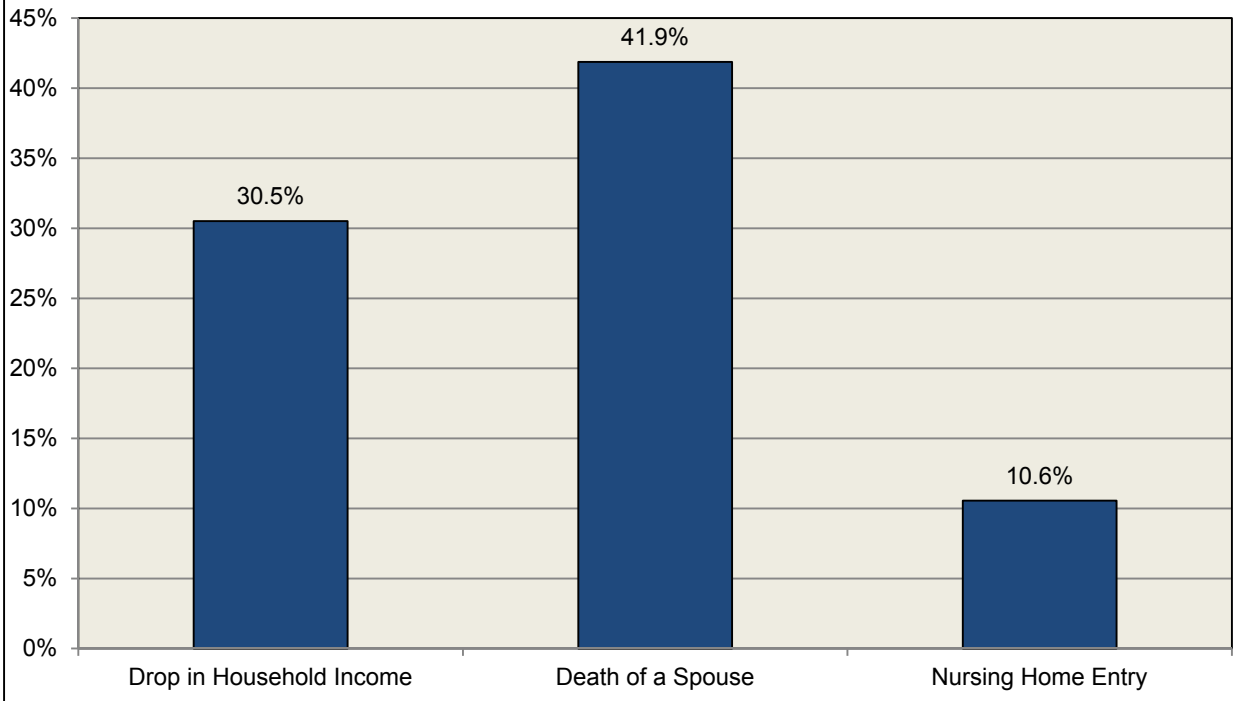
Source: Employee Benefit Research Institute estimates from the Health and Retirement Study.

Figure 4
Transition Rates from Home Ownership to Renting at Different Ages (Between 1998–2010)



Source: Employee Benefit Research Institute estimates from the Health and Retirement Study.

Figure 5
Different Factors Associated With Transition from Home Ownership to Renting



Source: Employee Benefit Research Institute estimates from the Health and Retirement Study.

are large between those who continue to own and those who shift to renting. However, the difference in income and financial wealth between those who continue to own and those who shift to renting slowly narrows, and almost disappears at advanced ages, although the difference in total household wealth remains large. For example, median household income for those between ages 50 and 64 who continue to own their homes is $79,758, while those in that same age group who shift from owning to renting have a median household income of $53,520. On the other hand, for those 85 and above, owners have a median household income of $32,263, compared with a median household income of $32,998 for those who shift from owning to renting.

A similar pattern can be observed in household financial wealth. Consider that, among those between ages 50 and 64, households that shift from owning to renting have a median financial wealth of $21,434, compared with $110,202 for those that continue to own. However, for those ages 85 and above, new renters have a median household financial wealth of $125,301, compared with $117,874 for those who continued owning their homes. It is possible that at younger ages people have less housing equity, such that moving from owning to renting does not have a significant effect on financial wealth, but that at older ages the higher levels of housing equity simply transfer to financial wealth as the household moves from owning to renting.

Note that the difference in total household wealth between the two types of households remains large across all age groups: People who shift from owning to renting are generally economically less well-off than those who continue to own. Although the income difference disappears for the oldest group (85 and above), the difference in total wealth remains large.

Figure 6

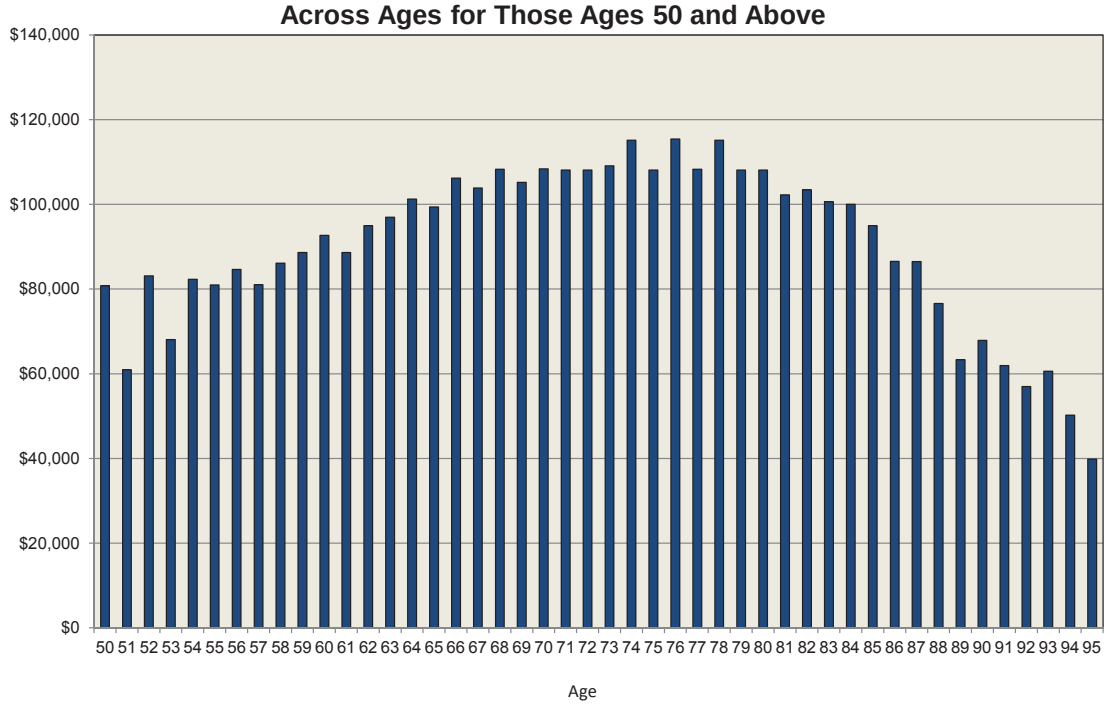
Median Household Income and Median Household Financial Wealth and Total Wealth (in 2010 Dollars) For Those Who Continue to Own Their House Vs. Those Who Shifted to Renting

	Median Household Income		Median Household Financial Wealth		Median Total Household Wealth	
Age Group	Continued owning	Shifted to renting	Continued owning	Shifted to renting	Continued owning	Shifted to renting
50–64	$79,758	$53,520	$110,202	$21,434	$265,961	$39,456
65–74	51,776	32,740	135,666	17,952	307,589	26,597
75–84	39,909	31,933	137,000	72,358	317,766	75,900
85 and above	32,263	32,998	117,874	125,301	295,556	127,000

Source: Employee Benefit Research Institute estimates from the Health and Retirement Study.

Figure 7

Net Median Housing Equity (in 2010 Dollars) Across Ages for Those Ages 50 and Above



Source: Employee Benefit Research Institute estimates from the Health and Retirement Study.

Net Housing Equity Across Ages

Most of the earlier studies (Feinstein and McFadden 1989; Venti and Wise 2002, 2004) suggest that the elderly in the United States are not very likely to decumulate their housing wealth. The more recent data from HRS suggest something very similar. Figure 7 shows how median housing equity varies with household age for those ages 50 and above. The broad pattern suggests that median housing equity increases for a while after the traditional retirement age of 65, then from age 68 (when median housing equity is $108,288) to age 80 (median housing equity of $108,100), housing equity remains more or less flat before starting to decline. It is difficult to determine how much of this housing equity is driven by housing price fluctuations, but Figure 1 shows that home ownership rates also fall only around age 80. Taken together, Figures 1 and 8 suggest that older Americans don't start to draw down housing wealth until they are close to 80.

Conclusion

Economic theory suggests that household wealth should decline after retirement. But evidence suggests that household wealth does not start to decline until people reach very advanced ages and that similar trends apply to housing wealth as well.

The important findings of the study include:

- Home ownership peaks at age 65, then falls slowly until age 80, when the rate of home ownership starts to decline steadily.
- Renting and other housing arrangements (like living rent-free with family or friends, etc.) show the exact opposite trending pattern of home ownership: lowest at age 65, then increasing steadily after 75.
- Ownership rates are very different for couples and singles, but don't change a lot across ages. The home ownership rate hovers around 90 percent for couples and around 60 percent for singles.
- The transition rate from home ownership to renting is 3 percent at age 50, bottoming out at 1.6 percent at age 65. However, these transition rates soar after the age of 85, reaching a peak of 4.7 percent at age 90.
- The most common factor associated with the transition from owning to renting is the death of a spouse.
- Large differences exist in income and wealth between those who continue to own and those who shift to renting. While the income difference disappears for the highest age group (85 and above), the difference in total wealth remains large.
- Net median housing equity increases until age 68 and then remains almost flat until age 80, at which point median housing equity starts to fall steadily.

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Endnotes

[1] In couple households, the age of the male household members are used as the age of the households. If missing, then the age of the female members are used.

[2] Household income includes wages and labor earnings; capital earnings; defined benefit pensions; annuities; income from retirement savings accounts such as 401(k)s and IRAs; Social Security retirement benefits; Social Security disability benefits; unemployment compensation; government transfers; and income from all other sources such as alimony, and lump sums from insurance, pensions or inheritance, etc.

[3] Household financial wealth includes any real estate other than primary residence; net value of vehicles owned; IRAs, stocks and mutual funds; checking, savings, and money market accounts; CDs; government savings bonds; Treasury bills; bonds and bond funds; and any other source of wealth *minus* all debts (such as consumer loans).

[4] Total household wealth includes household financial wealth *plus* the value of a primary residence *minus* any mortgage and other home loans. It does not include any income.

Appendix A

Distribution of Different Family Types in the HRS Sample (Overall and Across Age Groups)

Age Group	Couples	Single Male	Single Female
50–64	66.95%	8.81%	24.25%
65–74	58.66	8.96	32.38
75–84	44.39	11.15	44.46
85 and above	39.57	11.40	49.03
Overall	52.42	10.02	37.56

Source: Employee Benefit Research Institute estimates from the Health and Retirement Study (HRS).

Health Plan Choice: Findings from the 2011 EBRI/MGA Consumer Engagement in Health Care Survey

By Paul Fronstin, Ph.D., Employee Benefit Research Institute

Introduction

Most Americans get their health insurance coverage from employment-based plans, yet most employers do not offer a choice of health plans. In 2011, 84 percent of employers offering health benefits offered only one health plan; 15 percent offered two choices; and 1 percent offered three or more choices.[1] Large firms were more likely to offer a choice of health plans than small firms; 42 percent of large firms offered two or more choices, compared with 15 percent of smaller firms.[2] As a result, nearly one-half (47 percent) of covered workers had a choice of health plans,[3] and according to the 2011 EBRI/MGA Consumer Engagement in Health Care Survey, 59 percent of adults 21–64 with employment-based health coverage had a choice of health plans.

Increasing choice of health plans is a key goal of the Patient Protection and Affordable Care Act of 2010 (PPACA). The public health insurance exchanges contemplated in PPACA are based on Alain Enthoven's model of managed competition, which entails sponsors negotiating with insurers on behalf of groups of individuals to develop a menu of choices among different plans (Fronstin and Ross 2009). Employers whose workers are not eligible for subsidies in the public exchanges could contemplate joining a private exchange, which could also serve to increase choice of health plans (Fronstin 2012b).

This report explores differences in health-plan choice using data from the 2011 EBRI/MGA Consumer Engagement in Health Care Survey as well as earlier versions of the survey. It examines the likelihood of having a choice of plans and how that is changing over time; the main reasons for choosing a plan; and how demographics, health status and health behaviors vary by plan type among those with a choice of health plans. Satisfaction with various aspects of health care is also examined by plan type among individuals with a choice of health plans.

Data

This study is based on data from the 2005–2007 EBRI/Commonwealth Fund Consumerism in Health Care Surveys and the 2008–2011 EBRI/MGA Consumer Engagement in Health Care Surveys, online surveys of privately insured adults ages 21–64, fielded in August of each year. The surveys were conducted to provide nationally representative data regarding the growth of consumer-driven health plans (CDHPs) and high-deductible health plans (HDHPs), and the impact of these plans and consumer engagement more generally on the behavior and attitudes of adults with private health insurance coverage. HDHPs were defined as plans with individual deductibles of at least $1,000 and family deductibles of at least $2,000. Those with HDHPs and either an health reimbursement arrangement (HRA) or a health savings account (HSA) comprise the CDHP sample, and those with deductibles that are generally high enough to meet the qualifying threshold to make tax-preferred contributions to an HSA, but without an account comprise the HDHP sample. More information about the 2011 EBRI/MGA Consumer Engagement in Health Care Survey can be found in (Fronstin 2011).

Choice of Health Plans

Among individuals covered by an employment-based health plan, those in CDHPs were more likely than those with traditional coverage to have a choice of health plans. In 2011, 68 percent of CDHP enrollees had a choice of health plans, compared with 59 percent of individuals in traditional plans, and 48 percent of those with HDHPs (Figure 1).

These recent results contrast with earlier findings. In 2005 and 2006, it was found that individuals with traditional coverage were more likely to have a choice of health plans than individuals enrolled in CDHPs (Figure 2). The survey found that the percentage of individuals in a traditional plan with a choice of health plans was fairly consistent (with some year-to-year statistically significant changes), whereas the percentage of individuals enrolled in a CDHP with a choice of health plans trended upward. Between 2005 and 2009, the percentage of CDHP enrollees with a choice of health plans increased from 48 percent to 71 percent. While it dropped to 65 percent in 2010, it then increased slightly to 68 percent in 2011. The fact that choice of health plans grew among CDHP enrollees may be because an increasing percentage of the CDHP population works for an employer with 500 or more employees (Fronstin, 2012a) and that large employers tend to offer more benefit options.

Reasons for Choosing Health Plan

When offered a choice of health plans, there are many reasons why an individual may choose a particular plan. Asked about the main reasons for enrolling in their plan, 50 percent of CDHP enrollees reported that they chose that offering because of the lower premium, while 45 percent reported that the opportunity to save money in the account for future years was a primary reason for enrolling in that plan (Figure 3). On the other hand, among individuals with traditional health coverage, 39 percent cited the good network of providers and 32 percent reported the low out-of-pocket costs as the main reasons for enrolling in the plans.

Characteristics of Individuals With a Choice of Health Plans

Using merged data from the 2010 and 2011 EBRI/MGA Consumer Engagement in Health Care Surveys to increase sample size, differences in the populations with a choice of health plans by plan type were examined. Differences in demographics by plan type were found with respect to age, marital status, presence of children and race/ethnicity. However, the biggest differences in demographics by plan type were found by household income and education; CDHP enrollees with a choice of plans were more likely than traditional plan enrollees with a choice of plans to have higher incomes (Figure 4). They were also more likely to have college educations.

When it comes to health status and healthy behavior, a few differences by plan type were found among those with a choice of health plans. There were no self-reported health status differences between individuals in traditional plans and those enrolled in CDHPs, although CDHP enrollees were slightly more likely to report that they did not have a chronic condition (Figure 5). Those in CDHPs and HDHPs with a choice of health plans were less likely than those with traditional coverage to report that they smoke. While no differences in exercise were found, there were differences in body mass index (BMI), with CDHP enrollees with a choice of health plans less likely than individuals with traditional coverage to report being obese.

Satisfaction and Choice of Health Plans

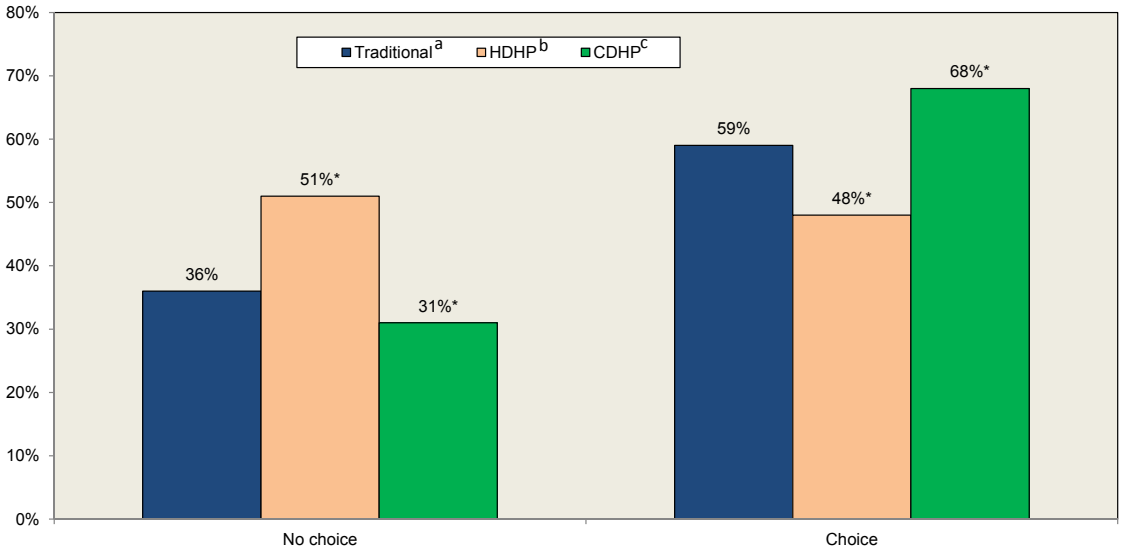
There is a rather large body of literature showing that satisfaction with health insurance is higher among individuals with a choice of health plans, compared with those without a choice.[4] The findings in Figure 6 examine satisfaction levels among a number of dimensions for individuals with a choice of health plans by plan type; differences were found for some of the survey questions.

Among individuals with a choice of plans, CDHP and HDHP enrollees were less likely than those with traditional coverage to be extremely or very satisfied with the quality of care received. While the difference between CDHP and traditional plan enrollees was statistically significant, it was not a large difference.

There was no difference in satisfaction with ease of getting an appointment with a doctor or choice of doctors between CDHP enrollees and traditional plan enrollees. In contrast, HDHP enrollees were less likely than traditional plan enrollees to be extremely or very satisfied and more likely to be somewhat satisfied in these areas.

Figure 1

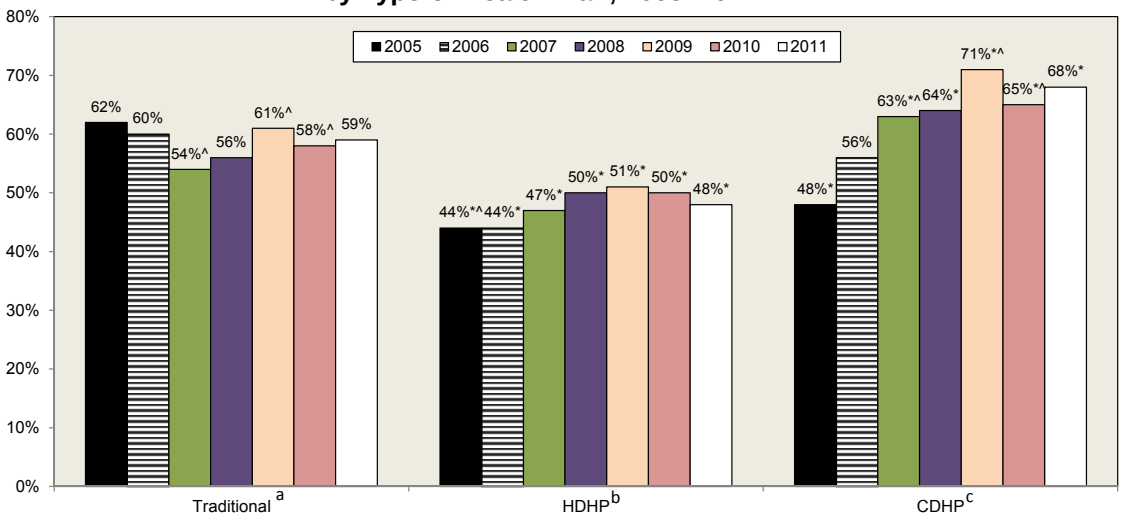
Percentage of Adults Ages 21–64 Covered by Employment-Based Health Benefits With Choice and No Choice of Health Plan, by Type of Health Plan, 2011



Source: EBRI/MGA Consumer Engagement in Health Care Survey, 2011.
[a] Traditional = Health plan with no deductible or <$1,000 (individual), <$2,000 (family);
[b] HDHP = High-deductible health plan with deductible $1,000+ (individual), $2,000+ (family), no account;
[c] CDHP = Consumer-driven health plan with deductible $1,000+ (individual), $2,000+ (family), with account.
* Difference between HDHP/CDHP and Traditional is statistically significant at the p ≤ 0.05 or better.

Figure 2

Percentage of Adults Ages 21–64 Covered by Employment-Based Health Benefits With a Choice of Health Plan, by Type of Health Plan, 2005–2011



Source: EBRI/Commonwealth Fund Consumerism in Health Care Survey, 2005—2007;EBRI/MGA Consumer Engagement in Health Care Survey, 2008–2011.
[a] Traditional = Health plan with no deductible or <$1,000 (individual), <$2,000 (family);
[b] HDHP = High-deductible health plan with deductible $1,000+ (individual), $2,000+ (family), no account;
[c] CDHP = Consumer-driven health plan with deductible $1,000+ (individual), $2,000+ (family), with account.
* Difference between HDHP/CDHP and Traditional is statistically significant at the p ≤ 0.05 or better.
* Difference between HDHP/CDHP and Traditional is statistically significant at the p ≤ 0.05 or better.
^ Estimate is statistically different from the prior year shown at the p ≤ 0.05 or better.

Figure 3

Main Reason for Deciding to Enroll in Current Health Plan, Among Adults Ages 21–64 With a Choice of Health Plan or in the Nongroup Market, by Type of Health Plan, 2011

	Traditional[a]	HDHP[b]	CDHP[c]
Lower cost of the premium	29%	41%*	50%*
Opportunity to save money in the account, rollover funds for future years	5	1*	45*
Good network of physicians and hospitals/doctor in the network	39	39	26*
Puts you in control of your health care dollars, you make choices of how your account is spent	6	4*	26*
Tax benefits of the plan	2	3*	19*
Prior experience with the plan	26	24	18*
Prescription drug coverage	30	22*	11*
Familiar type of coverage, simple to understand	21	19	10*
Specific benefits offered by the plan	18	13*	9*
Low out-of-pocket costs for the doctor	32	15*	8*
Easy access to care	19	14*	8*
Plan's good reputation, recommended by others	13	12	7*
Not much paperwork	10	10	4*

Source: EBRI/MGA Consumer Engagement in Health Care Survey, 2011.

[a] Traditional = health plan with no deductible or <$1,000 (individual), <$2,000 (family);

[b] HDHP = High-deductible health plan with deductible $1,000+ (individual), $2,000+ (family), no account;

[c] CDHP = Consumer-driven health plan with deductible $1,000+ (individual), $2,000+ (family), with account.

* Difference between HDHP/CDHP and Traditional is statistically significant at p ≤ 0.05 or better.

Figure 4

Demographics, Among Adults Ages 21–64 With a Choice of Health Plan or in the Nongroup Market, by Type of Health Plan, 2010–2011

	Traditional[a]	HDHP[b]	CDHP[c]
Gender			
Male	49%	47%	45%
Female	51	53	55
Age			
21–29	26	22*	21*
30–44	29	25*	36*
45–54	27	30	27
55–64	18	23*	16
Marital Status			
Not married	16	29*	25*
Married	84	71*	75*
Presence of Children			
No children	51	57*	50*
Has children	49	43*	50*
Race/Ethnicity			
White, non-Hispanic	68	80	75*
Minority	32	20	25*
Household Income			
Less than $30,000	9	4*	2*
$30,000–$49,999	14	13	9*
$50,000–$99,999	39	44*	40
$100,000–$149,999	19	22	22
$150,000 or more	13	11	21*
Declined to answer	5	7	6
Education			
High school graduate or less	29	11*	7*
Some college, trade or business school	31	24*	21*
College graduate or some graduate work	26	43*	48*
Graduate degree	14	19*	25*
Firm Size (base: employed full-time or part-time)			
Under 50	9	15*	11
50–499	20	18*	19
500 or more	65	60*	64
Don't know	5	7	6

Source: EBRI/MGA Consumer Engagement in Health Care Survey, 2010–2011.

[a] Traditional = Health plan with no deductible or <$1,000 (individual), <$2,000 (family);

[b] HDHP = High-deductible health plan with deductible $1,000+ (individual), $2,000+ (family), no account;

[c] CDHP = Consumer-driven health plan with deductible $1,000+ (individual), $2,000+ (family), with account.

* Difference between HDHP/CDHP and Traditional is statistically significant at p ≤ 0.05 or better.

Figure 5

Health Status and Healthy Behavior, Among Adults Ages 21–64 With a Choice of Health Plan or in the Nongroup Market, by Type of Health Plan, 2010–2011

	Traditional[a]	HDHP[b]	CDHP[c]
Self-reported Health Status			
Excellent	15%	15%	18%
Very Good	50	41*	50
Good	28	34*	27
Fair or Poor	7	10*	5
Chronic Conditions			
None	48	48	53*
At Least One Chronic Health Condition[d]	52	52	47*
At Least One Chronic Health Condition & Fair or Poor Health	54	54	41*
Smokes Cigarettes			
Yes	17	10*	9*
No	83	89*	91*
Exercise			
Never	21	22	21
1 day per week, on average	21	20	17
2–3 days per week, on average	35	34	33
4–5 days per week, on average	16	14	20
More than 5 days per week	7	9*	9
BMI			
Underweight	2	2	1
Normal	27	31*	34*
Overweight	35	28*	34
Obese	29	31	23*
Declined to answer	7	7	8

Source: EBRI/MGA Consumer Engagement in Health Care Survey, 2010–2011.

[a] Traditional = Health plan with no deductible or <$1,000 (individual), <$2,000 (family);

[b] HDHP = High-deductible health plan with deductible $1,000+ (individual), $2,000+ (family), no account;

[c] CDHP = Consumer-driven health plan with deductible $1,000+ (individual), $2,000+ (family), with account.

[d] Arthritis; asthma, emphysema or lung disease; cancer; depression; diabetes; heart attack or other heart disease; high cholesterol; or hypertension, high blood pressure or stroke.

* Difference between HDHP/CDHP and Traditional is statistically significant at $p \leq 0.05$ or better.

Both CDHP and HDHP enrollees were less likely than traditional plan enrollees to be extremely or very satisfied with out-of-pocket costs for prescription drugs and other health care services. They were also less likely to be extremely or very satisfied with the plan overall.

Overall, individuals in CDHPs and HDHPs were found to be less likely than those in traditional plans both to recommend their plan to friends or co-workers and to stay with their current health plan if given the chance to switch.

Conclusion

Most employers do not offer workers a choice of health plans. However, large firms are much more likely than small firms to do so, and since a disproportionate share of the workforce is employed by large firms, more than half of the covered population has a choice of health plans.

CDHP enrollees are more likely than individuals with traditional coverage to have a choice of health plans, and the availability of health plan choice is trending upward for CDHP enrollees, although not for those enrolled in traditional plans.

Among individuals with a choice of health plans, CDHP enrollees tend to have higher incomes and higher education than individuals with traditional coverage; they are also less likely to be obese; and they are less likely to be satisfied with many aspects of their health plan.

Among individuals with a choice of health plans, those opting for CDHPs are more likely to cite cost factors, but also more likely to express dissatisfaction with the cost of prescription drugs and out-of-pocket costs for other health care. Additionally, they were less likely to be satisfied with the program overall.

Figure 6

Satisfaction With Various Aspects of Health Care, Among Adults Ages 21–64 With a Choice of Health Plan or in the Non-Group Market, by Type of Health Plan, 2010–2011

	Traditional[a]	HDHP[b]	CDHP[c]
Satisfaction With Quality of Care Received			
Extremely or very satisfied	78%	64%*	74%*
Somew hat satisfied	20	27*	21
Not too or not at all satisfied	2	8*	4*
Ease of Getting an Appointment With a Doctor When Needed			
Extremely or very satisfied	74	64*	74
Somew hat satisfied	21	26*	21
Not too or not at all satisfied	5	9*	5
Satisfaction With Choice of Doctors			
Extremely or very satisfied	81	73*	79
Somew hat satisfied	18	23*	18
Not too or not at all satisfied	2	4*	3
Satisfaction With Out-of-Pocket Costs for Prescription Drugs			
Extremely or very satisfied	51	30*	31*
Somew hat satisfied	38	38	36
Not too or not at all satisfied	11	31*	31*
Satisfaction With Out-of-Pocket Costs for Other Health Care			
Extremely or very satisfied	42	19*	27*
Somew hat satisfied	34	34	34
Not too or not at all satisfied	22	46*	38*
Overall Satisfaction With Health Plan			
Extremely or very satisfied	66	43*	49*
Somew hat satisfied	29	38*	37*
Not too or not at all satisfied	5	19*	14*
Likelihood of Recommending Plan to Friend or Co-w orker			
Extremely or very likely	59	36*	47*
Somew hat likely	32	37*	34
Not too or not at all likely	10	27*	20*
Likelihood of Staying in Plan if Had Opportunity to Sw itch			
Extremely or very likely	66	41*	57*
Somew hat likely	27	38*	27
Not too or not at all likely	7	21*	16*

Source: EBRI/MGA Consumer Engagement in Health Care Survey, 2010–2011.

[a] Traditional = Health plan with no deductible or <$1,000 (individual), <$2,000 (family);

[b] HDHP = High-deductible health plan with deductible $1,000+ (individual), $2,000+ (family), no account;

[c] CDHP = Consumer-driven health plan with deductible $1,000+ (individual), $2,000+ (family), with account.

* Difference between HDHP/CDHP and Traditional is statistically significant at p ≤ 0.05 or better.

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Endnotes

[1] See Exhibit 4.1 in http://ehbs.kff.org/pdf/2011/8225.pdf

[2] Large firms are defined as those with 200 or more workers, while small firms had three to 199 workers.

[3] See Exhibit 4.2 in http://ehbs.kff.org/pdf/2011/8225.pdf

[4] As an example, see (Fronstin 2010).

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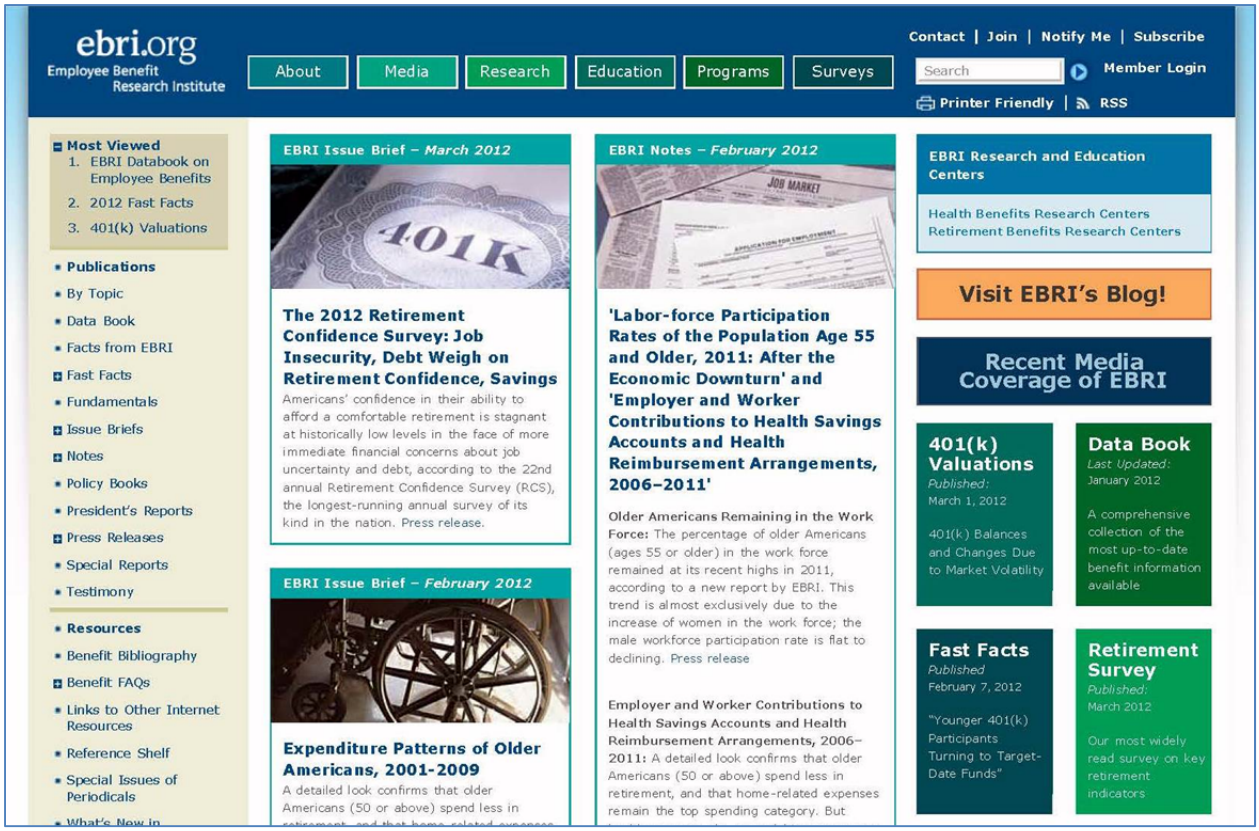

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