

# Mastering the Alphabet Soup

## Health Literacy in Colorado

JUNE 2016

*Sometimes policy implementation can feel a bit like a game of whack-a-mole.*

*About half a million Coloradans have been added to the insurance rolls since key provisions of the Affordable Care Act went into effect. This drove the uninsured rate down from 741,000 to 353,000. Whack! A big hit to the uninsurance mole.*

*But this historic high in coverage presents new challenges.*

Do individuals understand their coverage enough to make educated decisions about how and when to get care? If they lose coverage or switch plans, do they have the tools to select the plan that's right for them? Up pops mole number two: health literacy.

Understanding the health system – both insurance and health care – can be especially difficult for someone who is coming off of a long spell of uninsurance or someone who has never had coverage before.

But data from the 2015 Colorado Health Access Survey (CHAS) show that the newly insured aren't the only ones who could benefit from health insurance 101. Even those who already had coverage could use a refresher course on four basic health insurance terms: premium, deductible, copayment and coinsurance.

It is important to consider how these two groups – the newly insured and the so-called previously insured – differ.

Many of the newly insured, those who gained coverage in the year before the survey, are covered by Medicaid, the federal-state public insurance program.

It's less important for these folks to understand terms like deductibles or coinsurance because they aren't subject to these types of cost-sharing. This might be fueling the

### Health Insurance 101

**Premium:** The amount that must be paid for your health insurance or plan. You and/or your employer usually pay it monthly, quarterly or yearly.

**Deductible:** The amount you owe for covered health care services before insurance begins to pay. For example, if your deductible is \$1,000, your plan won't pay anything until you've paid \$1,000 for covered services. Some plans pay for certain health care services before you've met your deductible.

**Copay:** A fixed amount (for example, \$15) you pay for a covered health care service, usually when you get the service. The amount can vary by the type of covered health care service.

**Coinurance:** Your share of the costs of a covered health care service, calculated as a percentage of the allowed amount for the service. You pay coinsurance after you've met your deductible. For example, if the health insurance plan's allowed amount for an office visit is \$100 and you've met your deductible, your 20% coinsurance payment would be \$20. The health insurance plan pays the rest.

exceptionally low confidence among the newly insured for the term coinsurance.

But people tend to weave in and out of different types of insurance throughout their lives. So while Medicaid enrollees may not need to understand coinsurance or other terms, that could change overnight with a new job, a marriage, or some other event that disqualifies them from Medicaid.

## Universal Precaution

While the surge of newly insured Coloradans brought renewed attention to health literacy, the issue itself is not new.

The CHAS findings suggest that health literacy efforts should be broad and inclusive — a “universal precaution” approach, as some experts call it. As the name suggests, universal precaution means that providers, insurers, health navigators and others should assume that all patients may need help understanding health care. The hope is that by communicating simply and encouraging questions, the professionals can provide the information patients need to make informed health decisions.

## Social Determinants of Health Literacy

Universal precaution doesn't necessarily preclude targeted education, and the CHAS data point to some populations that may be prime candidates for extra attention.

### Education

The ABCs of health insurance aren't taught in school, but education level is related to health literacy. Colorado adults who lack a high school degree are nearly two times less likely to say they are confident in all four basic health insurance terms than high school grads or adults with an associate's degree. The gap is even larger when compared with college graduates and those who have completed postgraduate studies.

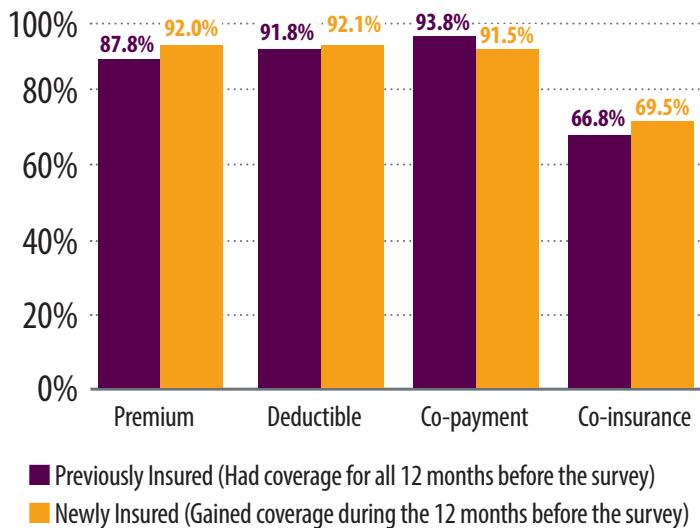
### Income

Income and health literacy are also linked. As income goes up, confidence does, too.

Colorado adults living at or below the poverty line — \$24,300 in annual income for a family of four — are the least confident in their understanding of all four terms.

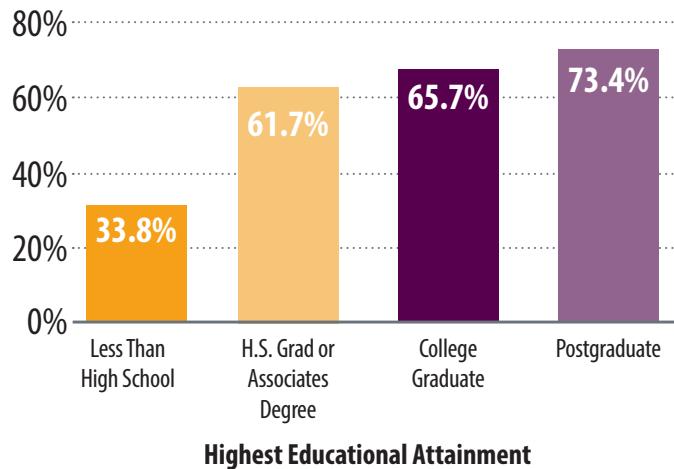
**Figure 1. All Coloradans Need Health Literacy 101**

Percentage Confident in Each of the Four Terms



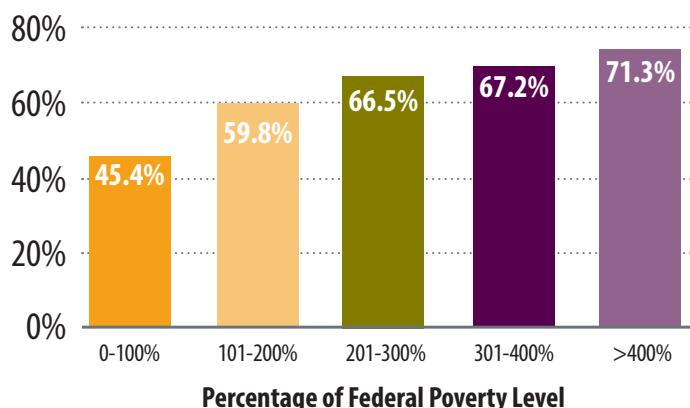
**Figure 2. Education Brings Confidence**

Percentage Confident in All Four Terms\*



**Figure 3. Lower Income, Less Confident**

Percentage Confident in All Four Terms\*



\* Premium, Deductible, Copayment, Coinsurance

Many of these people qualify for Medicaid based on their income, and wouldn't need to understand these terms in order to get health care.

### Spanish Speakers

Understanding health insurance is tough enough for English speakers. For Spanish speakers it can be even more difficult. Colorado adults who speak Spanish at home are about 50 percent less likely to report confidence in the four basic health insurance terms than English speakers.

## Using Coverage to Get Care

The four key terms are fundamental to understanding health insurance plans. But health literacy is just step one. Knowing how to navigate an increasingly complex health system is an even bigger challenge. Data from the CHAS show that there is room for improvement in this arena as well.

- Understanding Your Plan's Coverage:** About one of three insured Coloradans, more than 1.5 million people, say they are not likely to look into what their plan covers before getting services. While the doctor may not be the best person to ask, insurance companies or a state agency can provide important information about the services each plan covers. So why are so many people failing to ask? Many may not know that they can turn to their insurer with questions about coverage coverage.
- Provider Networks:** Nearly one of four insured Coloradans – 1.2 million people – say they are not likely to check if a doctor is in-network before getting care. Some may not know that a provider network exists or that they may be hit with a big bill if they go elsewhere for treatment. Others who understand the concept may find themselves frustrated by outdated provider network lists.

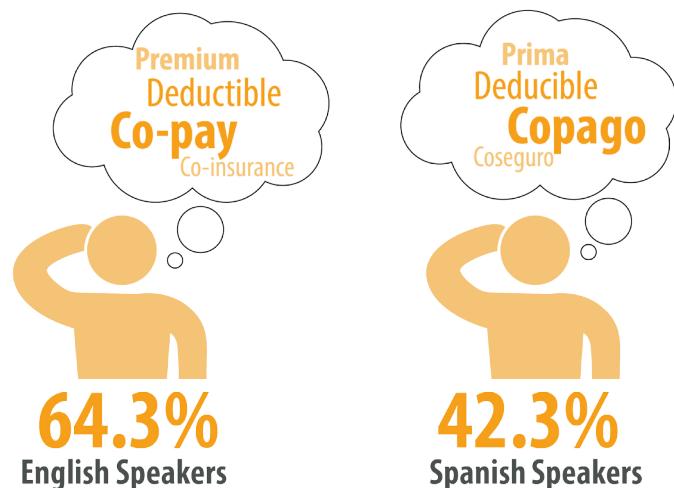
## Looking ahead

The health policy community is abuzz with conversations about how to improve health literacy.

Some pioneers in the field have already created toolkits to support provider practices, hospitals, and other professionals in their efforts to help their patients better understand their plan and options for care. Among them is an evidence-based universal precautions toolkit created by the Agency for Healthcare Research and Quality (AHRQ) for primary care practices. It provides

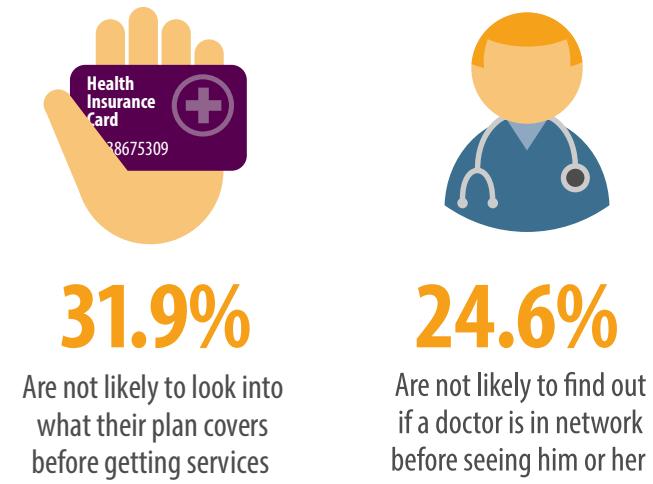
**Figure 4. Spanish-Speaking Coloradans Are Less Confident in Health Insurance Terminology**

Percentage Confident in All Four Terms\*



**Figure 5. Health Literacy Goes Beyond Terminology**

Asked of the Insured:



tools including videos, worksheets, PowerPoints and exercises that guide practices through the process of self-evaluation and the development of an improvement plan.

Advocacy groups and insurers connect Colorado consumers directly with information. The Blue Guide, for example, was developed by the Colorado Consumer Health Initiative to help individuals, families, providers and community organizations find nearby health care for the uninsured and underinsured.

Looking ahead, consumer education and systems-level change will need to go hand in hand in order to truly move the needle on this important issue.

## About the Colorado Health Access Survey

The CHAS is the premier source of information on health insurance coverage, access to health care and use of health services in Colorado. Every other year more than 10,000 households in the state complete the telephone interview — administered in both English and Spanish — which first fielded in 2009. For the 2015 survey, 10,136 interviews were completed on both cell phones and landlines between March 2 and June 26. Visit [www.coloradohealthinstitute.org](http://www.coloradohealthinstitute.org) for more analyses, data and information about the survey.

### CHAS Analysis:

<http://www.coloradohealthinstitute.org/key-issues/detail/health-coverage-and-the-uninsured/colorado-health-access-survey-1>

### CHAS Data:

[coloradohealthinstitute.org/data-repository/category/colorado-health-access-survey](http://coloradohealthinstitute.org/data-repository/category/colorado-health-access-survey)



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