

Economic slowdown impacts on consumer health-care spending

WASHINGTON, US: Rising health care costs, coupled with the current state of the economy, have prompted many consumers across the globe to delay care, alter household spending and worry about their ability to pay for future health care costs according to the 4th annual Deloitte Centre for Health Solutions *2011 Survey of Health Care Consumers*.



"We have been examining consumers' interactions with the health care system since 2008. A new trend has emerged this year suggesting that economic uncertainty has clearly altered spending habits with many consumers reporting an impact on their out-of-pocket health care expenses," said Paul Keckley, Ph.D., executive director, Deloitte Centre for Health Solutions.

"Regardless of the type of health care system, government-run or private, consumers around the world are feeling the pinch."

Deloitte surveyed more than 15 000 health care consumers in 12 different countries including Belgium, Brazil, Canada, China, France, Germany, Luxembourg, Mexico, Portugal, Switzerland, the United Kingdom and the United States during April and May.

Economic slowdown impacts health-care spending

In the United States, three in four (75%) consumers say the recent economic slowdown has impacted their health care spending. Four in 10 (41%) are being more cautious about it, 20% cut back on spending, and 13% have reduced it considerably. In addition, 63% say their monthly health care spending limits their household's ability to purchase other essentials such as housing, groceries, fuel and education. To save money, 36% of prescription medication users have asked their doctor to prescribe a generic drug instead of a brand name drug. These findings follow Deloitte's, "The Hidden Costs of US Health Care for Consumers: A Comprehensive Analysis," published in March 2011, which revealed consumers spend US\$363 billion more on health care than traditionally reported, outpacing housing and utility costs as a discretionary household expense.

Additionally, one in four (25%) US consumers skipped seeing a doctor when sick or injured. Of those consumers who decided not to see a doctor in the past year, those that did so due to costs ranged from a high of 49% in the United States, followed by Belgium (39%), China (35%) and Mexico (34%), to a low of 5% in Canada and 7% in the United Kingdom and

Luxembourg.

More than half of all respondents from the 12 countries surveyed, with the exception of the United Kingdom (24%) and Canada (39%), also confirmed that household spending on health care limits their ability to spend on other household essentials. Additionally, between 4 in 10 and 5 in 10 respondents experienced an increase in household spending on health care in the past year with the exception of the United Kingdom (22%), Canada (29%) and China (37%).

Further highlighting the anxiety over escalating health care costs, consumers were mixed in assessing their household capacity to handle future expenses. The least amount of confidence was in Portugal (18%), followed by Mexico (22%), Brazil (22%) and the United States (23%). Nearly one-third of consumers in Switzerland (27%), Germany (30%), Belgium (32%), China (35%) and Canada (39%) felt secure in their ability to handle future health care costs as did 41% of consumers in the United Kingdom and Luxembourg.

"Three core shared beliefs became apparent this year throughout our global survey: consumers remain largely confused about their health care system; grade their system as underperforming relative to what they know of other systems; and believe spending is wasteful in their country's health system," said Bob Go, global managing director, life sciences and health care, Deloitte Touche Tohmatsu Limited (DTTL). "More often, consumers' opinions are based on prior personal experience rather than a systematic view, perhaps due to its complexity."

Consumers confused about their health care system

Most consumers do not have a strong understanding of how their health care system works. Consistently across the 12 countries surveyed, with the exception of Portugal (17%) and Luxembourg (16%), around one in three consumers felt they understood the system well. Three in four US consumers (76%) feel they do not have a strong understanding of how the health care system works; this perception has not changed in recent years (77% in 2010, 74% in 2009).

Report card grades of health care systems vary widely

Consumers graded the overall performance of their health care systems very differently. The health care systems in Luxembourg (69%), Belgium (57%), Switzerland (52%), France (51%) and Canada (50%) all received a grade of "A" (excellent) or "B" (very good) from more than half of consumers in those countries. Only 22% of US consumers, 18% of Portuguese, 15% of Mexican and 8% of Brazilian consumers graded their country's health care systems in similar fashion. Conversely, 57% of consumers in Brazil, 44% in Mexico, 38% in the United States and 33% of consumers in Portugal rated their health care system's performance as 'failing' ("D" or "F").

Approximately four in 10 consumers in Belgium, Canada, Germany, Switzerland and the United Kingdom (24% in the United States) felt that their health care system was "superior to most other systems." Similarly, around 4 in 10 consumers in Belgium, Canada, Germany and Switzerland (37% in United States) believed that the quality of care in their country's health care system is comparable to the best in the world. This is in stark contrast to consumers in Brazil, Mexico, Portugal and China where only around 1 in 10 felt likewise about the performance and quality of their country's health care system.

Consumers are uniformly negative in their judgment about the success of respective governments in balancing priorities in their health care systems with less than one in five consumers in all countries agreeing with the proposition that "government is doing a good job balancing priorities in the health care system."

Consumers identify waste in the system

Many consumers saw health care spending in their health care systems as wasteful. Specifically, in the United States, consumers blame redundant paperwork (55%), individuals not taking responsibility for their own health (49%), defensive medicine (46%), lack of adherence to evidence-based approaches (40%), and extreme measures taken at the end of life to extend life for a short period of time (35%) as the top causes for wasteful spending.

"Despite the challenges consumers observe with their health care system, most still believe it is possible to both improve quality and decrease costs simultaneously," said Keckley. "Technology-enabled solutions are widely thought to be part of the solution."

Consumers seek technology solutions to manage their health

- Consumers are highly interested in using medical devices to monitor their conditions and send information electronically to their doctors, ranging from a low of 46% of consumers in Belgium to a high of 79% of consumers in Mexico. In the United States 61% of consumers confirmed interest.
- Consumers in Brazil (43%), China (47%) and Mexico (50%) are very likely to use their smart phones or PDAs for health care monitoring. Consumers in France (65%), Germany (64%) and Belgium (63%) are not at all likely to do so. In the United States 19% were very likely to use their phones for this purpose and 48% were not at all likely to do so.
- Less than 1 in 5 consumers surveyed said they maintain a personal health record (PHR) electronically, with the exception of consumers in China where 1 in 3 have such a record. The percentage of US consumers who maintain a PHR in some type of electronic format remains low, but is increasing gradually: 8% in 2008, 9% in 2009, 10% in 2010, and 11% in this year's report.
- Consumers were concerned that an internet-based PHR might put privacy and security of personal health or medical information at risk. The degree of concern ranged from a low of 19% in Luxembourg to a high of 50% in Germany and Mexico. In the United States 38% of consumers expressed similar concerns.
Consumers are also open to alternative approaches to traditional health care such as visiting retail clinics or travelling outside their local community for health care:
- Of the countries that have a retail medicine sector, more than half of consumers in Belgium (50%), China (51%) and Portugal (51%) said that they had used a walk-in or retail setting for non-urgent care. Consumers in Canada (32%), Mexico (32%), the United Kingdom (22%), Brazil (21%), the United States (19%) and Switzerland (16%) also said they had used these services.
- The % of US consumers (19%) using retail-clinics in the past year is higher than in previous years (15% in 2010 and 13% in 2009).
- Between 1 in 10 and 3 in 10 consumers traveled outside of their local areas for care in the past year and a very small number had traveled outside of their home country for medical care. In the United States, approximately 1 in 4 (25%) say they would consider travelling outside the country to have a necessary hospital procedure, (22%) say maybe and 3% are definite); 75% say it is highly unlikely that they would travel to a foreign country for care.
- Additionally, 39% of US respondents report they would definitely travel to a hospital located outside their local town or city (e.g., in a major city or different city) for necessary care if that distant hospital was known to provide better quality care or faster access to services; 32% would travel the distance for elective care.

"The findings of our report identify three global trends that suggest health system leaders must think of patients as consumers: clinical innovations are driving solutions to medical problems that enable consumers to take care of themselves; governments and employers face shrinking budgets while health cost obligations are soaring and consumers are paying attention to health care as never before," concluded Keckley. "As health reform takes hold in countries like the US, our studies identify significant opportunity to engage consumers more effectively and address their unmet needs. It requires policymakers and industry stake holders to align interests toward their engagement as they undergo the transition from patients to consumers."

Methodology

The Deloitte Centre for Health Solutions surveyed health care consumers in Belgium, Brazil, Canada, China, France, Germany, Luxembourg, Mexico, Portugal, Switzerland, the United Kingdom and the United States in April and May. Participants were asked about behaviours before attitudes within each topic area to reduce response bias. The sample was nationally representative of each country with respect to age and gender. The sample in the United States and Canadian surveys was further adjusted for income and geography.

A core set of common questions were asked in each country, supplemented by questions unique to each country's health care system and consumer experience. Across all European and South American countries, the response margin of error was +/- 3.0% at a .95 confidence level. In Canada the response margin of error is +/- 2.0% at a .95 confidence level and in the United States it was +/- 1.6% at a .95 confidence level. A smaller cohort was surveyed in Luxembourg with a margin of error of +/- 4.1% at a .90 confidence level. A convenience sampling approach was adopted in China which reflects the nation's on-line population, taking into account age and gender.

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