

## “Haggling” With Health Care Providers about Their Prices Likely to Increase Sharply as Out-Of-Pocket Costs Rise

“Consumer-driven” health care and the “consumerization” of health care are hot topics on the health care conference circuit. One element of consumer activity in any marketplace is shopping around for a lower price.

Previous issues of Harris Interactive *Health Care News* have documented the impact of rapidly rising health care costs on employers and employees. We have explained why we anticipate that employers will require their employees to pay substantially more in the way of premiums, deductibles, co-insurance and co-payments over the next several years. With this in mind we have looked at the question of price negotiation and the extent to which consumers have already begun to “haggle” with health care providers to negotiate lower bills, and at the likelihood that this kind of behavior will increase as out-of-pocket costs rise. Our new data strongly suggest that **rising out-of-pocket costs are likely to result in much more consumer negotiation over health care bills and prices over the next several years.**

This new research finds that a sizable minority of the public is already talking to the providers of health and medical services to try to negotiate lower bills. A significant proportion of the public generally, 17%, say they have talked to a pharmacist in the last twelve months to pay a lower price. Substantial but smaller numbers say they have done this with doctors (13%), dentists (12%), and hospitals (10%). This “haggling” is far more common among those in only fair or poor health, the people who are most in need of and most likely to use medical services. Those in only fair or poor health are also generally in lower income households because poor health is correlated with low income.

Approximately half of all those who have tried to negotiate a lower price report that they did so successfully. This varies from 54% of those who talked to their doctors to 48% who talked with their pharmacists, 47% of those who talked with their dentists and 45% of those who talked with hospitals about their bills or prices.

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HEALTH CARE RESEARCH

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**TABLE 1**

#### Ever Talked to Various Health Care Providers to Try to Negotiate a Lower Price

“In the last 12 months, have you ever talked to any of the following to see if you could pay a lower price than they had billed you, or wanted to bill you?”

Base: All Adults

	HEALTH STATUS			
	All Adults	Excellent	Pretty Good	Only Fair/Poor
Have talked to:	%	%	%	%
Pharmacist	17	10	18	27
Doctor	13	10	12	20
Dentist	12	12	12	13
Hospital	10	7	9	20

**TABLE 2**

**Proportion of Those Who Tried to Negotiate Lower Price Who Were Successful**  
 “Were you successful in getting to pay a lower price?”

Base: Talked to (provider) about Medical Bills

	Was Successful %	(As A Percentage of All Adults) %
Pharmacist	48	(8)
Doctor	54	(7)
Dentist	47	(6)
Hospital	45	(5)

**Indications that “haggling” will increase**

Our data strongly suggest that as their out-of-pocket costs rise, the number of people who will try to negotiate lower prices with their doctors, pharmacists, hospitals or dentists will increase substantially. A third of all adults say that they will be very likely to try to get a better price if this happens, and a further 21% say they would be likely to do so. These numbers should not be taken too literally. Marketing research studies have often found many more people claiming that they would do something than actually do it. Many of those questioned might never think of doing it (if they were not asked the questions) and so, in the real world, they will not do it.

Economists are notorious for assuming that human beings will behave in a rational, economic manner (and very occasionally economists’ forecasts are almost as good as the pollsters!). It is certainly rational to suppose that a substantial increase in co-payments and co-insurance (if not in premiums) would increase the numbers of patients who tried to negotiate lower prices. We therefore anticipate that this will happen, but by less than our number would suggest. And we plan to track it in the years ahead.

**TABLE 3**

**Many People Likely to Try to Negotiate Lower Prices if Out-of-pocket Costs Increase Substantially**

“In the next two years, if the out-of-pocket cost to you of your medical bills, that is, after whatever your insurance pays for, increases substantially, how likely would you be to negotiate a better price for a medical bill?”

Base: All Adults

	All Adults %	HEALTH STATUS		
		Excellent %	Pretty Good %	Only Fair/Poor %
Very likely	32	33	32	33
Likely	21	21	21	23
Somewhat likely	22	24	23	16
Not at all likely	12	16	10	15
Not sure	12	6	15	14

These data are based on a nationwide survey of 2,118 adults surveyed online between January 24th and 30th, 2002, using the same methods used by Harris Interactive to accurately predict the 2000 elections. The data were weighted to be representative of all U.S. adults.

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Harris Interactive (Nasdaq: HPOL) is a worldwide market research and consulting firm, best known for *The Harris Poll*<sup>®</sup> and its pioneering use of the Internet to conduct scientifically accurate market research. Strengthened by its recent merger with Total Research Corporation, the Company now combines the power of technology with international expertise in predictive, custom, strategic research. Headquartered in the United States, with offices in the United Kingdom, Japan and a global network of local market and opinion research firms, the Company conducts international research with fluency in multiple languages. For more information about Harris Interactive, visit [www.harrisinteractive.com](http://www.harrisinteractive.com). EOE M/F/D/V

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