

# ASSESSING CONSUMER AND EMPLOYER **WILLINGNESS TO PAY** FOR NEW MEDICAL TECHNOLOGIES

Consumers and employers are concerned about health care affordability.  
What does this mean for future innovation?

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## EXECUTIVE SUMMARY

Innovative health care technologies and treatments (e.g., medical devices, new forms of minimally invasive surgery, gene therapies, biopharmaceuticals, etc.) have led to remarkable improvements in patient health outcomes in recent decades, but rising health insurance premiums have intensified concerns about health care affordability and spending sustainability. Currently, consumers and employers pay a portion of annual premium increases to fund technologies that may or may not directly benefit them but might benefit others. With health care expenditures expected to reach nearly 20% of the U.S. economy by the end of this decade and annual health insurance costs outpacing annual wage increases, health care consumers and employers appear to have reached a financial breaking point. Because new health care technologies are so intrinsically linked to increases in annual premiums and out-of-pocket costs, we examined whether health care consumers and purchasers would be willing to continue to pay for new medical technologies associated with significant improvements in patient health outcomes.

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### Key results from this survey of consumers and employers show:

1. Consumers and employers are concerned about affordability, with most reporting that they believe continued increases in premiums will make insurance unaffordable.
2. Given a choice, a majority of consumers and employers were not willing to pay a 5% increase in their premium to support access to new technologies, even those with substantial advances in health outcomes.
3. There are significant differences within consumer populations' willingness to pay for new medical innovation, signaling a need to ensure the market reflects consumer priorities and preferences.
4. Consumer and employer willingness to pay also varies among medical technologies.
5. Consumers report a strong desire for broad societal access to health care, but low willingness to pay increased annual insurance premiums so that others can gain access to new health care technologies.



## Important policy implications:

As concerns about affordability and health care spending sustainability intensify, new mechanisms for funding medical innovation to supplement the traditional approach to premium increases are needed. Policymakers are currently considering various approaches to managing health care spending, including policies that rely on using reference pricing for pharmaceutical products from other countries and those that would augment the role of the U.S. government in making coverage determinations and pricing decisions.

As health care stakeholders explore solutions to affordability concerns related to premium increases, potential policy solutions should:

- **Support medical innovation, as it is often cost effective over time and contributes to improved patient health outcomes.**
  - Policies that address affordability concerns through actions that are not linked to a health care intervention's value, such as international price referencing, have the potential to undermine future innovation, which could result in negative long-term consequences for patient health. The potential impact of alternative payment policies, such as subscription models, compulsory licensing and value-based pricing, should also be explored further.
  - Policies that would shift responsibility for funding innovation to the government, such as cost-recovery pricing or carveout programs like Medicare's End Stage Renal Disease program, will require a substantial increase in public health care spending funded via taxes and may have unintended consequences for innovation.
  - Policies aimed at reallocating existing health care spending from low-value (estimated to be 30% of health spending) to high-value care offer the opportunity to improve access to high-value medical innovation without increasing costs.

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- **Provide choice to accommodate the varying priorities and preferences among consumers.**
  - Consumers’ individual preferences, priorities and treatment response vary widely within a given population. Therefore, policies aimed at addressing health spending should allow for patient choice to better align with consumer preferences (e.g., market demand) and advance broader policymaker goals related to engendering a more patient-centered health system.
  
- **Provide incentives for innovation in vulnerable and disenfranchised populations.**
  - Survey respondents were willing to pay significantly more for new medical technologies for common adult diseases versus those developed for smaller, pediatric or older patient populations. This finding underscores the need for policies that protect incentives for development of new and innovative treatments as well as to ensure equity and fairness for vulnerable or disenfranchised populations.

Key Findings	Policy Implications
Given a choice, a majority of consumers and employers were unwilling to pay significant premium increases to support access to new technologies, even those with substantial outcome advancements, due to concerns about affordability.	Policies aimed at addressing health care affordability should focus on improving system efficiency while preserving access to innovation.
There are many differences in consumer willingness to pay for new medical technologies within conditions.	Patients and consumers, even those with the same condition, have varying priorities and preferences, so policies aimed at curbing health spending should not inhibit patient and consumer choice.
Consumer and employer willingness to pay varied across conditions.	Policy incentives that promote the development of new technologies for vulnerable patient populations should be protected.