QuickChoice: Using Defaults to Help Consumers Choose High-Value Health Insurance

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Short Abstract

Offering consumers a choice between choice environments may help them make easier and better choices while addressing concerns about choice architecture being too paternalistic. We use a series of defaults to create a simplified choice environment for consumers buying health insurance plans. In two studies, the simplified "QuickChoice" environment helps participants make easier and better choices. When given a choice between "QuickChoice" and a standard choice environment, the majority of participants choose "QuickChoice". These results indicate that combining choice architecture insights creates a useful streamlined choice environment, which the majority of consumers have sufficient meta-cognitive awareness to choose.

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Extended Abstract

Introduction

Can we combine choice architecture insights to create a simplified choice environment that will help consumers make easier and better choices? If we offer a choice between this environment and one which presents more information, which will consumers prefer? This is important for several reasons: First it tests a choice shortcut combining choice architecture insights. Second it addresses whether consumers have enough meta-cognitive awareness to choose the right environment. Third, offering a choice between choice environments may address concerns that choice architecture is too paternalistic. We test these questions in the context of health insurance choice.

Beginning in October 2013, tens of millions of Americans will use state and federal health insurance exchanges, to purchase health insurance plans. Many consumers struggle to identify high-value plans that meet their needs (Johnson et al., 2012; PBGH, 2012; Quincy, 2012). We create a plan choice shortcut, "QuickChoice", based on choice architecture insights. First, instead of requiring consumers to answer multiple questions about their healthcare preferences, we set defaults based on common responses. Second, we create a default information hierarchy that highlights key information and deemphasizes additional details. Third, we organize plans using a default sort that displays high-value plans first. We test "QuickChoice" against a standard "See Details and Choose" environment.

Methods

Participants were recruited from online panels and screened to match the demographics of prospective subsidy-eligible exchange consumers. Participants used an online decision aid to select a plan.

In Study 1, participants (N = 208) were randomly assigned to condition: "See Details and Choose", described as a way to see more information to help choose a plan, or "QuickChoice", described as a simpler way to choose a plan. Participants completed either a full page of questions about their healthcare needs and preferences ("See Details and Choose") or a truncated page of questions about only their key needs ("QuickChoice"). Participants then used the Plan Comparison to select a plan. In "See Details and Choose", several plan dimensions were displayed and plans were organized alphabetically. In "QuickChoice", only key plan dimensions were displayed and plans were organized by how well they fit the participant. Finally, all participants completed a post-choice questionnaire.

In Study 2, participants (N = 284) followed the same procedure except that they chose their preferred choice environment.

Results and Discussion

In Study 1, "QuickChoice" participants spent significantly less time on plan choice. This was driven by the reduced amount of time "QuickChoice" participants spent on the truncated preferences questions. All participants spent equal time on the Plan Comparison.

To assess choice efficacy, we first looked at objective criteria such as the relative cost of participants' selected plan. "QuickChoice" participants were significantly more likely to choose better plans on a number of dimensions. For example, "QuickChoice" participants were almost twice as likely to select the lowest cost plan.

Second, we looked at subjective choice efficacy. In the post-choice questionnaire, participants ranked their top three most important plan dimensions. We assessed how well participants' selected plan met those criteria. "QuickChoice" participants chose plans that met significantly more of their own criteria.

In Study 2, the majority of participants (69%) chose "QuickChoice" over "See Details and Choose". Importantly, "QuickChoice" showed the same advantages as in Study 1: "QuickChoice" participants spent significantly less time on plan choice and demonstrated significantly higher objective and subjective choice efficacy.

In both studies, the simplified "QuickChoice" environment helped participants quickly find higher value plans. In Study 2, the majority of participants chose this environment over the alternative. Offering a choice between environments may help consumer make easier and better choices while reducing concerns about paternalism.

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