progressed, a placental abruption may occur or a prolapsed umbilical cord drop through the cervix. Although such complications affect only 1% to 1.5% of pregnancies, if you don’t have the capacity to deal with them, it’s catastrophic for the fetus,” said Lawrence, who has delivered 7000 babies.

Mairi Breen Rothman, CNM, MSN, who has a home birth practice in the Washington, DC, area and is a board member of the American College of Nurse-Midwives, agreed that rare complications are handled faster in a hospital. “But there are also risks in the hospital that don’t exist at home—a hospital-acquired, antibiotic-resistant infection or an adverse reaction to regional anesthesia,” she wrote in an email.

**Increasingly Costly Birth Decisions**

The total costs for a home birth are generally much lower than for a hospital birth. In the United States, private insurers paid hospitals on average $18,329 for a vaginal birth in 2010, and the associated average out-of-pocket cost for patients was $2244, which quadrupled from 2004 to 2010 (http://transform.childbirthconnection.org/reports/cost/). As high-deductible insurance plans that can nearly double out-of-pocket costs become the norm, the financial burden of hospital births is only expected to increase. Even with coverage through the Affordable Care Act, expectant mothers likely will face increasing out-of-pocket expenses that are difficult to accurately predict (Wharam JF et al. JAMA. 2015;313[3]:245-246). In contrast, a home birth can cost as little as $1000, according to midwifery websites.

While the potential financial benefits are considered a “perk” of home birth, at least according to the American Pregnancy Association’s website, the lower cost of a home birth may not apply to everyone. “Many private insurers will pay the majority of the hospital cost but only a small fraction of the cost of a home birth, sometimes nothing,” Rothman said. Medicaid covers hospital and birthing center births, but home births attended by certified professional midwives or certified nurse midwives are only covered in a handful of states. “I’ve met women who would have chosen home birth if their insurance covered it but ended up in a hospital environment because they can’t afford a home birth,” she said.

Despite reports of promising outcomes for low-risk home births, some physicians firmly advise against home births and take issue with factoring costs into the equation when choosing where to deliver. Yet home birth remains a personal decision mired in a multitude of complex considerations, including finances, risk factors for adverse events during childbirth, the experience and qualifications of the attending midwife, the environment that the mother-to-be prefers, and the overall health of the pregnant woman and fetus. The one thread of consensus among experts is that expectant mothers should be counseled and well-informed regarding their individual prenatal and perinatal risk factors when considering their choices.

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**The JAMA Forum**

**Why Health Insurance Literacy Matters**

Larry Levitt, MPP

Much ink has been spilled over the new health insurance marketplaces created under the Affordable Care Act (ACA), from the failed initial launch of healthcare.gov last fall, to the surge in enrollment in the spring, to the debate over how many people will enroll during the open enrollment period that just began.

Meanwhile, 6.7 million people are now buying insurance through the marketplaces operated by the federal government and 14 states (including the District of Columbia; http://bit.ly/11ytlpC), in addition to an increase of 9.1 million people covered through the Medicaid program following implementation of the ACA (http://1.usa.gov/1FoJmBr).

Millions of people have gone online to the marketplaces and picked a plan, sometimes choosing from among dozens of different options in their area with varying premiums, deductibles, copays, provider networks, and drug formularies.

The problem is, surveys show many people don’t understand what those words even mean.

The Kaiser Family Foundation recently conducted a nationally representative survey of 1292 adults, asking them 10 questions to gauge their knowledge of how health insurance works (http://bit.ly/1ELRfNr).

The general public did reasonably well, with 68% answering more than half of the questions correctly (though only 4% got a perfect score of 10). For example, 79% knew that a health insurance premium has to be paid every month even if you don’t use any health care services, and 72% could identify the correct definition of a deductible.

Questions involving arithmetic proved more challenging: Only 51% could correctly calculate the out-of-pocket cost for a hospital stay involving a deductible and copay, and only 16% could determine the cost of an out-of-network lab test where the insurer caps
the allowable charge. To be fair, the questions requiring arithmetic also tripped up 2 of the nation's top health journalists (http://bit.ly/1tP7gB3 and http://bit.ly/17jiRy3) in a quiz Kaiser posted (http://bit.ly/1wm2yFF). And those who don't get a perfect score might want to watch this cartoon Kaiser also produced explaining how health insurance works (http://bit.ly/1umSVtn).

Not surprisingly, uninsured individuals who took part in the survey—who, by definition have less experience with health insurance—had more difficulty. For example, only 64% of uninsured adults knew that a premium has to be paid every month, only 53% could correctly identify the definition of a deductible, and only 57% knew what a provider network is.

This lack of health insurance literacy (and numeracy) has important implications for how effectively people use health care services and their insurance. Using an out-of-network physician or hospital could cost a patient thousands of dollars in higher out-of-pocket costs. Those who don't know what a provider network is and that cost-sharing differs substantially between in-network and out-of-network clinicians and medical institutions might unwittingly run up those charges.

Similarly, how many people would think to confirm that the surgeon and anesthesiologist are in their plan's network when having surgery at an in-network hospital? Just 41% of the general public and 29% of the uninsured knew this was not guaranteed.

Confusion about health insurance also has implications for how well people shop for health insurance and whether they are choosing wisely.

Consider a single woman aged 40 years in Miami making $30 000 accessing healthcare.gov to shop for insurance for 2015. She would be presented with 90 different plans (http://1.usa.gov/1BIQX7B), described using all the terms that confused many people on the Kaiser survey.

The plan listed first has a monthly premium of $156 after applying an income-related tax credit of $68. Even people who have received tax credits don't always know it (http://cnb.cx/1uDg3FU), which is another potential source of confusion, especially because those tax credits will be reconciled based on actual income when the recipient files her income tax return for the year.

That lowest-premium plan has a deductible of $6500 that applies to all services except for generic drugs and pays 100% of all services after the deductible is met.

For $7 more per month in premium, our hypothetical consumer could get a plan from the same insurer with a $5000 deductible and 40% coinsurance for most services after the deductible is met.

For $50 more per month in premium, she could get a plan—also from the same insurer—with a $5000 deductible, but with physician visits and generic and preferred brand-name drugs covered with copays before the deductible is met.

Even if this hypothetical woman were a well-informed consumer with perfect knowledge of how much health care she expects to use over the coming year, she would have difficulty deciding which of these 3 plans makes the most sense. Someone who doesn't have a clear understanding of what the terms mean would find herself quite lost.

And, that does not even account for the other 87 plans available in Miami from a variety of insurers and with different provider networks.

It's important to remember that health insurance was also complicated before the ACA (http://bit.ly/1yBDf96). In fact, the ACA simplifies things substantially in many respects. For example, plans are now standardized into so-called “metal tiers” (bronze, silver, gold, and platinum), with every policy within a tier offering a roughly comparable level of coverage on average. All insurers within a state must cover essentially the same services for insurance sold to individuals and small businesses. Also, medical underwriting is prohibited, meaning the consumer does not have to fill out pages of questions about their medical history before they know if an insurer will accept them and how much the premium will be.

As confusing as the options presented on healthcare.gov and the state-based marketplaces can be, it is a dramatic improvement over the process of buying insurance previously. Also, as part of the ACA's rollout, many people get help applying for coverage from community-based assisters or insurance agents. But we have a ways to go before consumers sufficiently understand how health insurance works, are presented with options that they can easily understand, and can choose coverage wisely and use it effectively.

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