

Patients' motivation and health plan choice

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ABSTRACT: Previous studies have shown that Medicare beneficiaries tend not to switch their prescription drug plans (Part D) even though they can largely save drug costs by plan switching. To explore why this so called "plan stickiness" happens, the present study focused on the concept of social exclusion, which is one of the most important characteristics of the elderly. This study compared the impact of two types of social exclusion on an association between psychological cost and plan switching- passive (or rejected) social exclusion and active (or ignored) social exclusion.

These two types are known to differently influence consumers' motivation and decision-making process. The 2007 Prescription Drug Study supplement to the Health and Retirement Study (HRS) data were used for analysis. We investigated the individual- level willingness to switch across multiple levels (individual level of psychological costs and group level of passive and active social exclusion) using a Hierarchical Linear Model (HLM). The findings suggest that passive social exclusion is associated with uncertainty cost. Study findings will help policymakers better understand the elderly's plan decision- making process and promote their informed plan decisions.

KEY WORDS: Medicare, Beneficiaries' Non-Switching Behavior, Psychological Cost, Hierarchical Linear Model (HLM).

The full paper is not available for this article.