

Consumer Driven Healthcare: Myth vs. Reality

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Myth #1: CDH is an HDHP with an account

Reality: The “heart” of CDH is consumer engagement

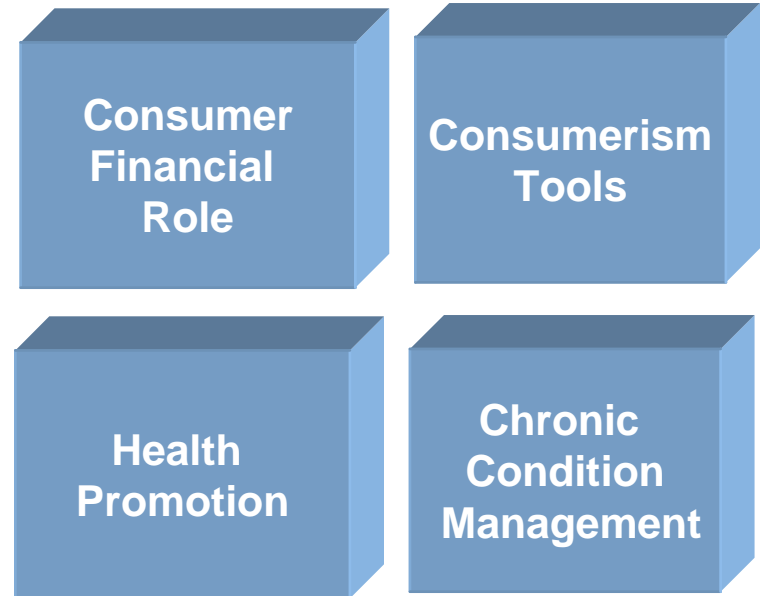
Four key building blocks for an effective program:

↳ Consumerism

- a set of techniques designed to transform members to be more effective health care consumers

↳ Consumer driven healthcare (CDH)

- consumerism using an account-based (HRA or HSA) plan design



Myth #2: CDH savings are due to cost-shifting

Reality: Savings come from changing consumer behavior

- ↳ Well-designed CDH plans do not require cost shifting to save money
 - CDH plan = similar cost share + lower utilization through improved consumer engagement
- ↳ 80% of employers fund account
 - All HRA and 60% of HSA
- ↳ The higher the CDH enrollment the higher the savings
 - Full replacement CDH saves the most



Source: *United Healthcare CDH Study, 5/07 and 2/08*



CDH Plan Design – With Employer Account

		Employee	Employee + 1	Family
Preventive Care covered at 100%	Employer Account	\$1,000	\$1,750	\$2,500
	Member Responsibility	\$1,000	\$1,750	\$2,500
	Deductible	\$2,000	\$3,500	\$5,000
	Employee Coinsurance	0% in-network 30% out-of-network		
	Out-of-Pocket Maximum	\$1,000 in \$2,000 out	\$1,750 in \$3,500 out	\$2,500 in \$5,000 out
	\$ Incentives	Health risk questionnaire (HRQ) & chronic condition management program completion		



Myth #3: CDH is a passing phase

Reality: CDH market growth is strong

- ↳ 12 to 13 million CDH members
 - 500,000 CDH members in 2003
- ↳ Growing 20-30% per year
- ↳ 46% of large employers*
- ↳ 10% of all employers
- ↳ All industries and sizes
- ↳ More in Central and Southeast
- ↳ Many more in plans with “consumerism”



* eg. American Express, General Motors, John Deere, Owens Corning, Union Pacific, Wendy's

Sources: Aon Consulting, 2007 UBA Health Plan Survey, 8/07, Tower Perrin “Account-Based Health Plans: What Works - and Why”, 1/08



Myth #4: There's not enough data to make decisions

Reality: There's plenty of data

Findings from Aetna, Cigna, McKinsey and UHC

- Increase in consumer engagement
 - More likely to ask about cost
 - More likely to ask about treatment options
 - More likely to treat a chronic condition
- Reductions in utilization
- More value-conscious purchasing decisions
- More engagement in wellness
 - More likely to engage in healthy behaviors
 - More likely to get an annual checkup



How Does CDH Change Utilization?

Reductions in:	Increases in:
Overall utilization: 5-12%	Preventive benefits: 5-20%
Inpatient hospital visits: 10-15%	Immunizations: 8-12%
Outpatient hospital visits: 10-15%	Physical exams: 5-15%
ER visits: 10-15%	Online tools usage: 10-30%
PCP office visits: 5-10%	Generic Rx usage: 10-15%

Sources: Aetna CDH Study (9/06 and 2/08), CIGNA CDH Study (10/07), United Healthcare CDH Study (5/07 and 2/08)



Myth #5: All we need is health promotion

Reality: Health promotion alone is not enough

To be really engaged, consumers must:

- Use preventive benefits
- Understand treatment options
- Evaluate price and quality
- Make informed, shared decisions
- Use generic drugs, pill-splitting or mail order
- Comply with evidence-based medicine
- Follow proper chronic condition management
- Maintain personal health record
- Complete health risk questionnaire (HRQ)
- Participate in wellness programs
- And, more



Myth #6: The health care system does not support CDH

Reality: The health care system is changing

- ↳ Retail Clinics (CVS, Walgreens, Wal-Mart)
- ↳ Medical tourism
- ↳ Electronic medical records
- ↳ Computerized Rx scripts
- ↳ Online consultations (eg. Relay Health)
- ↳ Evidence based medicine
- ↳ Pay for performance
- ↳ Concierge medicine
- ↳ Hospital published pricing



***For more about Aon's CDH consulting services
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