

DRIVING



CONSUMER BEHAVIOR

CONSUMER ACTIVATION STRATEGIES ARE PAYING OFF FOR EARLY CDH ADOPTERS

AT TEXTRON, overall medical utilization has decreased by 14 percent, while preventive care visits are up nearly 5 percent. At American Century, the percentage of employees completing a health assessment has nearly doubled, from 50 percent to more than 90 percent. And at Whirlpool, thousands of employees are now using Web tools to support their health care decision making, even though such tools weren't available until a few years ago. >>

GO

As early adopters in the consumer-driven health movement, all three employers saw promise in what at the time was a novel concept: to give consumers greater say in their health care choices, and arm them with the information to make better decisions. Now, just a few years later, these employers are seeing their initiative and investment pay off.

And they're not alone. According to a June report from the consulting firm McKinsey & Company, which studied more than 2,500 American adults in a variety of health plans, those in a Consumer-Driven Health Plan (CDHP) were:

- Over 50 percent more likely to ask about cost of medical procedures and three times more likely to choose a less extensive, less expensive treatment;
- Over 20 percent more likely to participate in a company sponsored wellness program and over 30 percent more likely to get an annual check-up because they thought it would save them money in the long run; and
- Over 20 percent more likely to follow treatment regimens for chronic conditions very carefully.

Such behavior changes – along with the resulting impact on health care costs – have caused CDHPs to skyrocket in popularity. Across UnitedHealth Group, for instance, more than 1 million consumers had enrolled in a plan tied to a Health Reimbursement Account (HRA) or Health Savings Account (HSA) by July 1. And starting in 2006, the company will begin expanding the consumer engagement strategies and capabilities that have been a hallmark of CDHPs to all customers, regardless of their type of plan.

Employees say that after years of navigating the health care system with little awareness, having a wealth of information at their fingertips is a new experience – but one they quickly get used to.

“That kind of information was something I never really had before, but now it’s really important to me, especially because I’m at a point in my life where I consume more health benefits than before,”

said Makini Nyanteh, a Whirlpool employee who switched to a consumer-driven plan in 2004, when she was expecting her first child. “In the past, calling an 800 number was never something I enjoyed, I never had a Web site that was easy to access, and my health plan never sent anything to educate me.”

Now, Nyanteh, who recently had a second child, said, “I feel empowered. It’s not just about knowing or investigating your bills, but knowing who your doctors are, how much your company contributes, how you can prevent certain illnesses – that’s all part of being an active participant in your health care. Not just being reactive but proactively participating.”

DIFFERENT MOTIVATIONS, SAME GOAL

When American Century Investments, a 1,900-employee asset management firm based in Kansas City, first sought a consumer-driven plan, the movement was so new the name hadn’t even caught on yet.



Craig Galvin,
American Century Investments

“For us, the process really started in the mid to late 1990s, when we pulled together a task force to really start looking at health care in a more sophisticated and strategic way,”

said Craig Galvin, senior benefits specialist. “This was before we’d even heard of consumer-driven health care, but our overriding goals were to figure out a way to get employees more actively involved in their health care decisions and to beat the long-term national average health care trend by 2 percent.”



Lutheran Social Services of Illinois has more than 100 locations statewide, including this program site on Chicago’s South Side. Larry Lutey, left, vice president of human resources, oversaw the introduction of HSAs in July for the agency’s 2,000 employees, including Al Meginniss, director of the Behavioral Health Center in Elgin.

The dual goals of bridling costs while engaging employees and providing them with information to help make them healthier are echoed by employers of all sizes, industries and locations in explaining their decisions to adopt consumerism strategies.

Lutheran Social Services of Illinois (LSSI), a newcomer to the consumerism movement, found that, as a smaller employer with 2,000 workers, the move to a full replacement HSA in July allowed the service organization to break a cycle of double-digit premium increases while making access to care more affordable for employees, many of whom have low incomes.

“We found that every time the rates would rise, more and more healthy employees tended to leave the plan, which meant more at-risk employees were covered, which meant rates would go higher – it was a cycle we couldn’t break out of no matter how hard we tried or how drastically we cut benefits,” said Larry Lutey, vice president of human resources. “With the HSA, we had a zero percent increase in health care costs, and that’s after employee costs stayed flat and we put 50 percent of their deductibles into their Health Savings Accounts.” >>

As one of the earliest adopters of a consumer-driven health strategy, **Textron Inc.** – which ran an HRA pilot in 2001, went to a full replacement model in 2002 and added an HSA option in 2005 – has experienced a significant impact on employee behavior and overall medical costs.

RESULTS INCLUDE:

14% decrease in overall medical utilization

5% increase in preventive care visits

2.5% decrease in pharmacy claims

4% increase in doctor office visits, including preventive services

18% decrease in hospital visits (in- and out-patient)

20% reduction in first-year costs

Source: Textron Inc.

Additionally, he said, “If we had stayed with an HMO or PPO model, we would have had to decrease or eliminate pay increases for employees, and it’s really important to us that they receive that increase plus have their benefits costs at least remain flat. Our goal is to create even more affordability for employees by reducing our costs through helping employees manage their health care, which will allow us to increase our contributions to their accounts in the future.”

Early adopters such as Textron say while there might be an initial savings by shifting to the higher deductibles tied to CDHPs, the real impact of consumerism comes through the employee behavior changes that result from workers taking a greater role in their personal health and use of health care through consumer engagement strategies.



George Metzger,
Textron Inc.

“We never talk about consumer-driven health without talking about the health outcomes of employees. Cost is secondary – albeit important, it is always secondary,” said George Metzger, vice president of human resources and benefits at Rhode Island-based Textron, a 43,000-employee company with businesses including Bell Helicopter and Cessna Aircraft. But, Metzger added, the two are inextricably linked. “Once you end up with healthier employees, they’re more productive employees. And, as the competition for employees increases, you want to find the best employees you can and keep them healthy and happy. From a pragmatic standpoint, that lowers your costs in the long term.”

MOTIVATING THE MASSES

For each employer, the adoption of a CDHP marked a significant departure from benefits structures of the past – a change that employers said made their communication efforts even more crucial. Instead of simply talking about new deductibles and premiums, they saw the need for a more strategic approach to employee communications.

Months before open enrollment, American Century – which in 2003 began offering two HRA options alongside its PPOs – turned to Definity Health, a pioneer in the consumerism movement, for help crafting articles on consumerism for its employee newsletter. Through Definity, American Century and other employers have access to a multi-media library of print and interactive tools about topics such as health and wellness to provide to their employees, in addition to details on how and why to take ownership of health and actively use the information offered to make better decisions.



Susan Rawlings,
American Century Investments

“We explained consumerism on a broader level, and with each communication after that, we drilled down in more detail so by the time open enrollment meetings came around, people got the concept that we were going to be talking about,” said Benefits Consultant Susan Rawlings.

The early emphasis on employee communications paid off when 33 percent of American Century workers enrolled in one of the two Definity plans. “We actually wanted a third – that was our goal – but our consultants thought we were nuts,” Galvin recalled. “They thought we’d only get 10 percent.” >>

A similar emphasis on communications occurred at Textron, which was one of the first companies in the country to test the CHDP waters with a pilot full replacement HRA for 10,000 employees in 2001. The next year, the company went full replacement for all employees. "In the pre-launch we spent an inordinate amount of time and energy explaining the cost burden to Textron under the current structure and the fact that we would continue to partner with the employees in providing health care," Metzger said. "We talked about how people who made the effort initially to monitor their health and seek preventive care and were smart consumers would end up paying less and those who were high users would pay more."

The company also stressed the quality of the new network, which – since Definity joined with UnitedHealth Group in 2004 – has expanded to include 617,000 physician locations and 4,500 hospitals. "Financing is what gets people's attention initially, but what sustains their interest is the quality of care – that's always the employee's bottom line," Metzger said.

In 2007, Textron plans to drop one of its HRA options in favor of an HSA option, which will require another communications campaign – one that Metzger looks forward to. "HSAs give you the opportunity to talk about portability and the ability to carry those dollars into retirement," he said. "It's a great recruiting tool."



Janice Pushaw,
Whirlpool Corporation

Yet the communication effort can't end with employees, said Janice Pushaw, director of Global Benefits Strategy at Whirlpool, which has 23,000 active

U.S. employees. "We recognized that we also needed to make sure providers



"HSAs give you the opportunity to talk about portability and the ability to carry those dollars into retirement."

– George Metzger, Vice President of Human Resources and Benefits, Textron Inc.

understood the new plans because as soon as we told employees, they'd call their provider offices and say, 'What is this?'" she said. To make sure local physicians and hospitals were prepared for those questions, Whirlpool and Definity held informational sessions with them and their administrative staffs to explain how CDHPs work and the reasoning behind them. That effort, along with mandatory employee meetings and a video on consumerism featuring the CEO, helped draw 40 percent of employees into the plan the first year – eclipsing the company's goal of 15 percent.

"Communicating and explaining the plan to employees takes a lot of time and effort – some have to see it for a third time before the light bulb goes off and they understand the value of it," Pushaw said. "If you're not willing to do that, and all you're doing is jumping on the bandwagon because others are saving money, it's not going to work. They're saving money for a reason – and that's because of their commitment and communication."

CONTINUING COMMUNICATION

While communications efforts behind more traditional plans may drop off after open enrollment, employers with consumerism strategies said that's when employee communication becomes even more critical. As workers must learn to navigate an unfamiliar health care system and select the right care from the right provider at the right time, they need information, tools and resources to empower and assist them.

"Moving to an HSA is a huge shift away from a parental type of health plan to a partner type of health plan," Lutey said. "Just because we go to a high deductible doesn't mean we walk away from our responsibility to employees. We still have a responsibility to help them be healthy and to understand what health care resources are available to them in this new system."

For instance, through Definity's Health Coaches, who are registered nurses, consumers can learn about various treatment alternatives and expected health outcomes, while other communications focus on how to get the most value out of a benefit plan and how to simplify the administrative process. These Health Coaches work with claims and utilization data and directly with employees to identify opportunities to help them stay well, find the right treatment or manage disease.

Additionally, Lutey sees such value in the online decision support tools available through myuhc.com, including a Treatment Cost Estimator and hospital comparison tools, that LSSI is installing computer kiosks in its locations around the state for employees without Internet access at home. That will also allow employees to manage their HSA funds through the same Web site, he added, since the accounts are held at Exante Bank, which was chartered by UnitedHealth Group in 2002 to allow full integration between health care and financial services. "We saw [Exante] as a more streamlined system that employees will be able to access more easily so they can get better information," he said. >>

At Whirlpool, some of the most effective communications are personalized messages based on workers' demographics, medical history and claims experience, Pushaw said. "Just today I got an e-mail from Definity with a consumer alert saying I had two specific messages for me – one about a prescription I have where there was an opportunity for savings through pill-splitting or mail order," she said. "The other one said, 'Did you know that if you have an outstanding bill for prescription drugs you can now pay it online?' These are really positive ways of simplifying the experience for consumers and helping get us into the 21st century in health care."

Nyanteh said the consumer engagement tools allow her to feel more empowered and educated about her health care options, including preventive treatments. "I think that people take health care for granted just like they do most benefits," she said, "but the nature of the world today really requires we all become more active participants in everything that impacts our lives, including our health care." ■

SPOTLIGHT: Cost-Conscious Consumer

Al Meginniss is used to making decisions that weigh costs against potential benefits, as program director of a substance abuse treatment center for Lutheran Social Services of Illinois (LSSI). So it made perfect sense to him when his employer started talking about carrying that same philosophy into health care.

In July, LSSI shifted to a new health plan with a Health Savings Account (HSA). Under that new plan, Meginniss and other LSSI employees gained access to a suite of decision support tools that have helped make evaluating costs and potential benefits even easier. For instance, when the 54-year-old had knee problems over the summer, a Treatment Cost Estimator on myuhc.com told him what to expect to pay for a knee X-ray in-network versus out-of-network, as well as the complete episodic costs associated with a surgical knee exam, including the typical hospital stay and lab tests involved.

"The Web site really helps in terms of giving you some concept of how much things are going to cost ahead of time, and that's an important part of being an informed consumer. When the doctor says, 'I want to do this and this and this,' if you've got some of that information at hand, you can weigh the costs against the benefits," he said. Meginniss recently declined a doctor's initial suggestion of physical therapy for his knee because there was no medical evidence supporting the treatment as an appropriate course of action for his particular problem, and he reasoned it would be an unnecessary cost.

"In running the treatment facility, I'm always looking at the benefit-cost ratio: Is spending a dollar here going to be the best use of money? The Web site and nurse chat line give me information so I can make more informed choices," he said. "Sometimes doctors just say, 'You have to do this.' Well, I want to know why."

Such informed consumer decisions are a hallmark of the consumer-driven health movement and one reason the plans have gained popularity. But both employees and employers say that, more than plan design, behavior choices are often determined by the tools available to help individuals learn more about their health and health care options. While information is available through paper and the telephone, LSSI is installing computer kiosks at program sites around the state to ensure all employees have access to the online tools Meginniss uses regularly.

"I go in and check my account on a pay period basis, just to make sure all the numbers match," he said, noting that because his HSA is with Exante Bank, which is part of UnitedHealth Group, all of that information is automatically linked to his claims data on the same site. "When I leave the doctor's office, I don't know what the bill is going to look like," Meginniss explained. "But now, before I get the bill from them in the mail, I can go online and see exactly what was charged and what was covered and what my responsibility is. And I know I've got that covered – all I have to do is write a check from my account, and I don't have to worry about where that money is coming from."