



OUTCOMES CONFERENCE 2008

Consumer Driven Healthcare: The latest trend in health care?

Christine Griffin
Account Manager, Customer Services

Optimizing the value of health benefits

Consumer Driven Health Care:

- Prevalent in the U.S. marketplace
- Emerging interest in Canada
- Challenges in Canada
- Flexibility for employee and employer



Consumer Driven Health Care - Defined

“Consumer Driven Healthcare Plans (CDHP) are a new model of health insurance, designed to give consumers greater control over the quantity and quality of healthcare they receive.”*

* Source: Robert F. Graboyes

Optimizing the value of health benefits

Consumer Driven Health Care can be seen as a concept that involves:

- More flexible benefit design
- Personal Health Accounts
- High deductible health plan component
- Invokes consumer-economic involvement
 - Choice/information/control

Name	Type	Taxability	Funding	Rollover	Country
MSA - Medical Savings Account	Tax advantaged trust or custodial with a financial institution	Tax deductible	Employer or Employee	Yes	USA
HSA - Health Savings Account	Tax advantaged trust or custodial with a financial institution	Tax deductible except in Qc	Employer &/or Employee	Yes	USA Canada
HRA - Health Reimbursement Arrangement	Notational account	Tax deductible	Employer	No*	USA
Wellness Account	Taxable trust or custodial with a financial institution	Taxable	Employer &/or Employee	Yes	USA Canada

*not portable (Money stays with the employer if the employee terminates)

Optimizing the value of health benefits

Consumer Driven Health Care evolved over time:

- Origins in the U.S. in the late 1990s
- Designed to engage consumers
- December 2003, *Medicare Prescription Drug, Improvement, and Modernization Act*
- Enhancement to HSAs tax status in 2007 created growth

Several factors drive consumer driven health care:

- Cost of healthcare and employee benefits
- Changing workforce
- Technology facilitates consumerism
- Regulation and Legislation

CDHPs are growing in the U.S.

- Estimated 4.6 million Americans covered by HSA/High Deductible Health Plans (HDHPs)
 - 3.5 million via employer
 - 1.1 million via individual plans
- Representation of HSAs sold
 - 17% small group market
 - 8% large group market

* Source: January 2007 America's Health Insurance Plan (AHIP) survey



Express-Scripts Consumer Driven Health Plan Analysis

Express-Scripts performed a case study to evaluate whether:

- Employees are becoming more cost-conscious shoppers
 - By investigating whether CDHC affects prescription drug use
- Plan sponsors save, and if the savings are due to cost shifting



Express-Scripts Consumer Driven Health Plan Analysis

Methodology:

- Samples from 4 industries:
 - Managed Care Organization
 - Investment Firm
 - Retail Chain
 - Accounting Firm
- Comparison between 2- or 3-tier traditional plan versus high deductible/health spending account arrangement
- Over 100,000 people

Optimizing the value of health benefits



Express-Scripts Consumer Driven Health Plan Analysis

Express Scripts Case Study Findings

Case Study	Traditional Plan	CDHP
Prevalence of Chronic Disease	Higher	Lower
Generic Fill Rate	↑ 46% to 49%	↑ 46% to 52%
Total Drug Use	↑ 8.2%	↓ 3.6%

Optimizing the value of health benefits



Express-Scripts Consumer Driven Health Plan Analysis

Express Scripts Case Study Findings (cont'd)

Case Study	Traditional Plan	CDHP
Rate of Compliance	Higher	Lower
Prescription Costs	↑ 6.1%	↓ 11.1%
Member Share	32%	↑ From 34% – 60%

Optimizing the value of health benefits



Express-Scripts Consumer Driven Health Plan Analysis

When compared to traditional insurance, CDHP decreased utilization and increased generic fill rate...

- Compliance decreased in some therapy classes
- Financial incentives not sufficient to sway member behavior
- Consumer education and support tools are important

Interest in Consumer Driven Health Care is growing...

- Estimated 5-10% of plans have HSA/HCSA
- Recent publications
 - Driving HSA Growth – *Benefits Canada* (Jan. 2008)
 - First-Class Benefits – *Benefits Canada* (Dec. 2007)
 - Missing Persons – *Benefits Canada* (Dec. 2007)
- Defined liability
- Growth in taxable spending accounts
- Popular in small group market

Optimizing the value of health benefits

CDHC is a viable option for the Canadian market:

- Health Spending Account (HSA)
 - Private Health Savings Accounts (PHSP)
 - Health and Welfare Trusts (HWT)
- Personal Care Account / Wellness Account

Challenges exist in Canada:

- Entitlement
- Passive employees
- Legislation
- Paternalistic view by employers

There are some risks associated with CDHC plans:

- Education of plan members
- Antiselection
- Quality of information
- Adverse impact on patient health

Consumer driven health care offers flexibility to employees and employers

- HSAs encourage saving for future expenses
- Remove barriers related to accessing allowable benefits
- More cost-conscious shoppers
- Customized/individualized benefits

Consumer Driven Health Care:

- Prevalent in the U.S. marketplace
- Emerging interest in Canada
- Challenges in Canada
- Flexibility for employee and employer

VOLATILITY



“The children were nestled all snug in their beds while visions of health care spending accounts danced in their heads.”

* Source: *Benefits Canada*, December 2007

Optimizing the value of health benefits



OUTCOMES CONFERENCE 2008

Consumer Driven Healthcare: The latest trend in health care?

Christine Griffin
Account Manager, Customer Services

Optimizing the value of health benefits