

Health Value Solution

Addressing the Coverage and Affordability Crisis— Changing the Game

Health plans are positioned to bring sustainable market reform but they will need a new business model to do so.

It is no secret that half of the U.S. health benefit market is driven by employer funding. Most Americans (165M) who do not rely on Medicare or Medicaid access the health system through an employer-funded or employer-sponsored product. However, over the last decade, unrelenting medical trend has resulted in many employers reducing benefits or shifting costs to their employees and some to completely cut benefits.

In order to understand the landscape of possible options to address the current coverage and affordability crisis, ChapterHouse undertook a year-long collaborative assessment. Working with leading healthcare organizations (health plans, information technology, care management) and conducting proprietary research, ChapterHouse has created a new business model designed to lower the cost of care, improve care quality, and maintain medical trend below five percent while improving consumer, employer and provider satisfaction. The ChapterHouse model has applicability across a wide spectrum of health plans given its health and wellness foundation and its alignment with many of the current key industry movements.

Central to ChapterHouse's model is the belief that health plans are well positioned to drive a market-level "tipping point." Systemic change is required to keep employers engaged in sponsoring healthcare coverage, improve the member experience and support physicians in playing a larger role in care management.

Broker led benefit buy down strategies do not address the root cause problems and do little beyond easing employer budget pressures

within the plan year. Without meaningful change to the underlying cost and quality drivers, many employers will be forced to distance themselves from the benefits agenda. Employers are caught in a quandary—feeling a social responsibility to offer health benefits while at the same time struggling to keep labor costs competitive in an increasingly global economy. It is difficult for them to continue to offer benefits when there is limited promise of fundamental improvement.

The cornerstone of the model is the health plan enabled consumer-to-provider relationship. The health value solution promotes and rewards consumer engagement through an innovative consumer experience. It is also designed to motivate and reward providers for partnering with members and embracing care coordination and treatment management.

- **Lack of consumer engagement**—health plan models are designed to achieve administrative efficiency and to manage insurance risk, and do little to partner the consumer in the health and benefits management processes.
- **Fee for service medicine**—the basic economic construct between health plans and providers is a discounted visit-based reimbursement model that promotes high volume, transactional medicine with few rewards for appropriate utilization and treatment management.
- **Information gaps**—accurate, consumer-friendly health and benefits related cost and quality information to support consumers in decision making is limited.

- **Significant practice variation**—providers have been slowly adopting the large volumes of evidence-based medicine and best practice measures while consumers face variability in information on treatment options.
- **Fragmented delivery system**—provider fragmentation and limited interoperability inhibit effective care coordination between providers on complex chronic patients.
- **Limited adoption of health information technology**—providers are just beginning to adopt and use enabling information technology tools while health plans have focused more on transactional efficiency than consumer experience applications.

Once these root cause problems were identified, the next step was to look for ways to address and resolve these problems.

Business Model

The health value solution model has five integrated components all connected through a new product architecture designed to align consumer incentives and to promote health, wellness and effective use of benefits.

- Market development
- Consumer relationship initiation
- Consumer engagement and management
- Care management and provider integration
- Performance management

Collectively, the new business model is transformational and shifts the role of the health plan from insurance, administration and network contracting, to consumer health, wellness and financial management. It is also designed to shift employer relationships from short-term annually renewable contracts to longer-term five year partnered programs.

Market Development

The health value model begins by looking at ways to segment employers based on their attitudes. It is looking at which employers want to continue doing business as usual versus which employers are motivated to make changes within their workforce.

Having the employer create a culture of health is very important to this new business model. If the employer does not make this commitment with his or her employees, the possibility of those employees embracing the new program is diminished.

The model also segments brokers in much the same way by identifying those that are willing to take change their current mindset and subsequently their recommendations in the plan design and selection process.

Consumer Relationship Initiation

The business model proposes complete revamping of the current enrollment process. It stresses the importance of building relationships with members and partnering with them on health, lifestyle and budget issues related to health benefits.

Instead of the standard enrollment process, the health value solution incorporates a consumer relationship initiation process—working with the member to understand his or her health profile, attitudes and behaviors, health and lifestyle goals, and household and budget realities. Health plans using the health value solution will use the information foundation to develop a customized health and finance plan for each consumer with specific goals such as weight loss, cholesterol levels or a monthly budget. Personalization supports engagement, connection and program participation, which are core drivers of improved outcomes and a vastly enhanced consumer experience.

Currently, consumers experience significant portions of health plan administrative processes (such as enrollment and health risk assessment) as one-sided inputs where the health plan collects the information for its own purpose and the consumer receives minimum feedback in return. The health value solution model promotes the opposite.

Consumer Engagement and Management

True consumer engagement and management is largely new to health plans; however, a holistic consumer experience during every interaction with the member is imperative for improved consumer decision making and behavior change. First, the health value model envisions the health plan having a single integrated consumer experience team (consisting of claims, benefits and care

management services) capable of meeting all the consumer's needs in one interaction.

Second, the consumer experience is designed around the consumer's personal integrated plan and goals developed during relationship initiation. As such, each consumer interaction is anchored in a member's health, wellness and financial goals. In addition, the health value solution supports an integrated multi-channel approach to consumer engagement—where the web, IVR and member representative interfaces are designed to deliver a consistent personalized experience.

Third, the new product architecture and programs embraces personalization and incentives. Consumers are invited to participate in health plan programs (chronic care management, wellness, etc.) that support their customized plan and goals. ChapterHouse research suggests that personalized program and incentive alignment reinforced by an integrated consumer engagement model will improve overall health benefits value and consumer satisfaction.

The health value consumer engagement model upends the current relationship paradigm from administrative support to trusted health/wellness partner. By investing in the consumer relationship health plans can earn the consumer's trust and substantially improve overall value.

Care Management and Provider Integration

Partnering with providers and consumers in the health management process is key to the health value solution. Health plans need to enable and support consumers and providers in the care management process—redefining the provider's role to include education, diagnosis, wellness, treatment management and care coordination. Changing the provider economic model serves to motivate and reward physicians for an expanded role in total care management.

Moving away from discounted fee for service models is difficult, but acuity-adjusted, episode-based reimbursement models offer a solid starting point along with early stage reward systems for clinical efficiency and clinical outcomes. Market research suggests consumer trust of physicians is significantly higher than their trust of health plans, suggesting effective physician partnerships will improve consumer engagement.

Advanced health information technology is critical to enabling the new collaborative care management models. Electronic medical records, including evidence based medicine, are key building blocks. The early introduction and use of these tools and best practices are positive developments but mainstream adoption is necessary.

The provider integration area of the health value model is more than care collaboration models as it also includes performance transparency, a commitment to evidence based medicine to reduce practice variability, and adherence to simple practices like informing patients of the full range of treatment options. ChapterHouse research and market studies suggest that the combination of these programs can reduce the overall cost of care in the short term and curb traditional medical trend over time.

Performance Management

Measurement, management, information sharing (reporting) and aligned incentives are essential to achieving sustainable results. Performance management in the health value solution represents a notable change from traditional health plan communications such as e-mails and EOBs. The new health plan model is designed to provide consumers with a performance management scorecard and integrated rewards that are directly tied to the consumer's personal plan and goals. Without program consistency, straight forward (easy to understand) reporting and a clear line of sight to aligned rewards, consumer engagement runs the risk of being diluted.

The proposed consumer performance report and rewards program includes (a.) health goals for weight, cholesterol, and exercise, (b.) disease management goals for chronic conditions i.e. diabetes HbA1c, and (c.) household budget goals for effective use of benefits and related health buying decisions. Each performance category comes with an appropriate integrated reward—and all categories are tied to the consumer's personal plan.

Moving From Concept to Impact

The coverage and affordability crisis is real and continues to threaten the employer sponsored health benefits marketplace. Employers are frustrated with short-term solutions focused on benefit buy-downs and are looking for a fresh

approach to health management. Health plans are arguably in the best position to drive innovation and market change necessary to provide long-term stability in the private U.S. health care system.

To that end, ChapterHouse has been working in collaboration with leading healthcare organizations to develop a new market paradigm—the health value model, which ChapterHouse believes has the fundamental underpinnings to help health plans move from concept to impact.

For additional information on ChapterHouse, go to www.chapterhouse.com.