

Coverage

HEALTH CARE NEWS, VIEWS, TRENDS AND INSIGHTS

AHIP

NOV+DEC.04

Closing the Quality Gap

The Role of Evidence-Based Medicine

Sales Automation

Transforming One of the Last Bastions of Paperwork

E-Prescribing

The Next New Thing—Or Is it?

BUILDING THE CORNERSTONES

Market Leaders Offer Construct

CONSUMER DRIVEN HEALTH CARE (CDHC) presents a fundamental shift in the health benefits model. Employers are reducing their role in the health benefits decision making process—electing to become strictly a funding source to supplement the employee’s choice. In the new paradigm, employers choose the carrier and provide a set subsidy, leaving employees to determine how to best allocate the benefits above the deductible level and determine what ‘first dollar’ preventive services they want covered. As ultimate responsibility falls to the newly-empowered consumers, they become the primary constituent for health plans, instead of the employer.

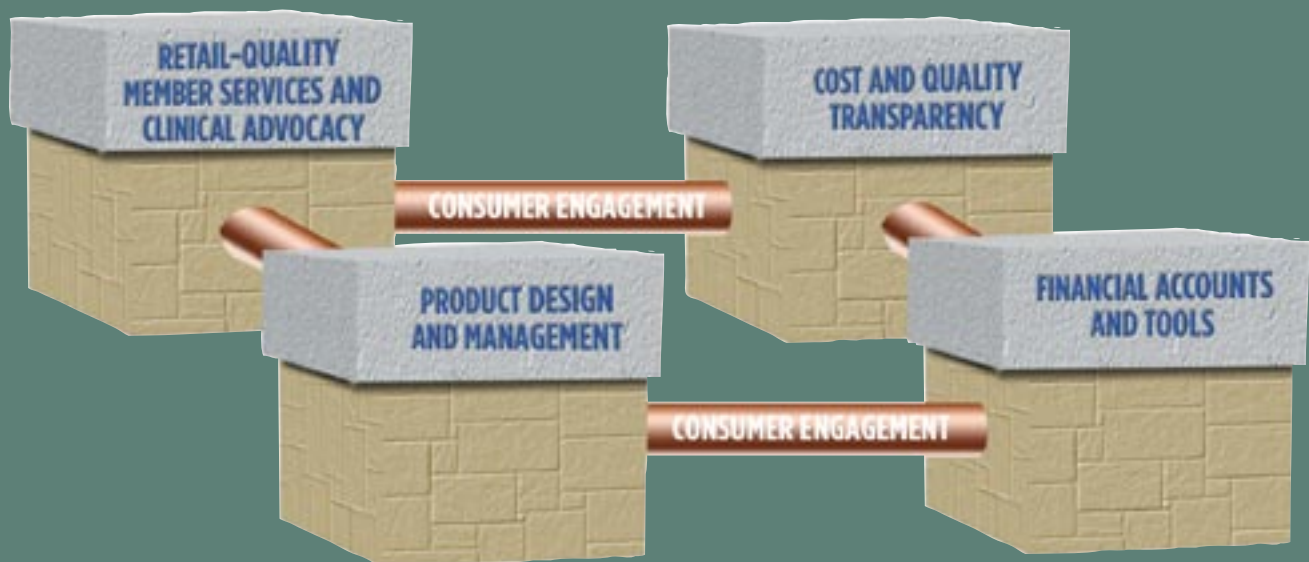
Consumer engagement then emerges as the fundamental (and profoundly simple) concept that must underlie CDHC. Proponents of CDHC contend that consumers gain control over the tools to allow them to make better decisions, meaning appropriate care is delivered at the right price.

Historically, the employer and the physicians have been at the center of most health plans’ strategies. Health plans that want to participate in the new model must change focus and build a re-

lationship with the consumer. The first step is helping consumers transition to their new role.

Questions consumers likely have as a result of their new place in health care delivery are ‘What product features should I select? What doctor should handle this procedure?, and How much should I save to meet my health care expenses?’ Leading CDHC health plans recognize that consumer engagement is critical to determining the right answers to these very important questions.

FIGURE 1. CDHC Cornerstones



OF CDHC:

for the New Paradigm

BY KATHRYN WEISMANTEL

Cornerstones of Consumerism

What does it take to successfully engage the consumer and how ready are health plans to execute new tactics? Senior management at ChapterHouse, a health care strategy consultancy, is intrigued by the shift in roles and ultimately the underlying business model as CDHC becomes more widespread.

Discussions with CDHC leaders across the health benefits landscape—from national managed care organizations to early CDHC innovators and beyond—allowed ChapterHouse to uncover what health plans must do to succeed in the increasingly retail world of health care. What emerged from dozens of in-depth conversations with market leaders and hundreds of broker interviews was a construct of four fundamental “cornerstones” (see figure 1) of CDHC.

- ▶ Retail-quality member services and clinical advocacy.
- ▶ Product design and management
- ▶ Cost and quality transparency
- ▶ Financial accounts and tools

Each of these elements presents unique success factors; however, consumer engagement is an intrinsic component of all of them. Beyond infusing consumer engagement wherever possible, there are other considerations for a health plan’s CDHC strategy. The pace of change and organizational readiness related to each of the core elements influence which CDHC cornerstone to se-

cure first. By combining the “what,” “how fast,” and “internal degree of change” dynamics, the matrix (see figure 2) can serve as a construct for health plans as they set priorities and build their strategic plans for CDHC.

Retail-Quality Member Service and Clinical Advocacy

Traditionally health plans design a product, develop supporting communications, fine tune internal operations, and then train the sales and service staff to support the new offering. With CDHC product design, greater emphasis must be placed on the consumer aspects. The human element is crucial to preparing and supporting the workforce for its new responsibilities.

Leading CDHC health plans recognize the value of customer service typically associated with high-touch retailers (such as Lands’ End) as an effective means to develop the consumer engagement that evolves into a long-standing relationship. For UnitedHealthcare, one element of the solution lies in the “little things,” according to Tom Policelli, president of iPlan. While some health plans scold customer service reps for above average call lengths, UnitedHealthcare welcomes the opportunity to use its interactions with consumers as a chance to impart information and essentially teach members to ask the right questions around quality, cost, efficiency, and other elements of CDHC. If UnitedHealthcare can add value on the details—paying claims, answering provider directory questions, knowing the benefit designs inside out—it may earn the right to answer the life-altering questions.

UnitedHealthcare also invested in the “big things”—over 1,000 people and millions of dollars in capital have been focused on creating and improving the tools that allow provider transparency and clinical advocacy. And, by running at about an 80 percent auto-adjudication rate, UnitedHealthcare is able to provide nearly real time advice, getting in front of a potential serious issue where others are faced with longer lag times before any proactive outreach can occur.

By capitalizing on a brand not typically associated with “managed care,” First Health Group Corp. presents another example of a company well-poised for a consumer-centric approach. “From the beginning we developed our model with the consumer at the center,” says Edward Wristen, president and CEO of the Downers Grove, Ill.-based company. The foresight to use only one system—for billing, claims, eligibility, and customer service—provides consumers a single point of contact with First Health’s customer service reps—and resulted in a 93 percent first

FIGURE 2. Change Process Matrix

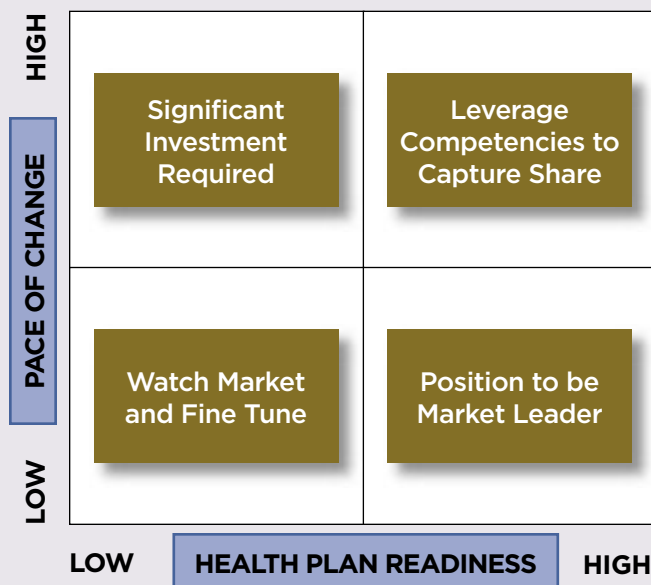


FIGURE 3. Core CDHC Financial Accounts and Tools

- ▶ HRA and HSA alternatives
- ▶ Interest on fund balances
- ▶ Rollover and portability options
- ▶ Health plan/bank integration
- ▶ Fund access and management tools (debit card/check writing)
- ▶ Integration of all lines that can access the savings accounts (e.g. Rx, dental, vision, LTC)
- ▶ Full and self insured funding
- ▶ Web site dedicated to the savings account transactional data with basic look up capability.

call resolution rate. At the core of First Health's approach is the belief that changing patient behavior (and therefore utilization) is the path to managing total medical costs. First Health is able to engage consumers on health management issues using the retail-quality service model. Personal interaction is the most effective means to change behavior with consumers that are educated, prepared, and supported in making wise health care choices.

Well-known CDHC players also leverage the backroom (both customer service and claims data) for predictive modeling and

consumer outreach. Joseph Cheek, MD, Aetna's senior medical director, credits Aetna's data warehouse, which integrates information from nearly all its lines of business, as a key success factor for the effectiveness of its Medical Management programs. Beth Bierbower, vice president of product innovation at Humana, cites the company's information technology backbone as the first (and very important) step of its "soft glove but firm hand" care management approach. Their data allow for highly targeted identification of the at-risk members. However, it is Humana's focus on personalized behavior modification that turns the introduction allowed by the data into engaged consumers taking concrete actions to improve their health and wellness.

A significant milestone in the evolution of traditional customer service to clinical advocacy could come in the creation of a "health care ombudsman" role, according to Mike Parkinson, chief health and medical officer at Lumenos. Consumers need a trusted partner who helps them understand and utilize the cost and quality data available to them and apply it at the local level, he adds. If health plans do not accept this role, others surely will. Providers in particular have a vested interest to position themselves in an increasingly retail world. However only health plans have the ability to provide the full gamut of patient support services, such as the Web, nurse-staffed telephone call centers, health risk assessments, personal health records, incentives for health behavior, health coaches, individual care plans, health and wellness content, and integrated disease management .

Retail-quality member service and clinical advocacy will

emerge quickly—both because of the enormous need of consumers transitioning to their new responsibilities and the head-start health plans have given past investments in health care management. With early signs of an ROI serving as reinforcement, health plans should continue to invest in their medical management capabilities. And with the systems and functional structures in place, expansion and deepening of current health care management programs will require only moderate changes to the organization.

Product Design and Management

Given the newness of CDHC, there is an evolutionary process in product design. Early entrants started with a high deductible health plan, which includes a savings account, basic education and cost comparison functionality. The next stage of CDHC requires more choices and tools to assist in the evaluation process.

Subimo is one such decision support tool available to the managed care industry. Their suite of products can serve as a guide to the tools needed to put consumers in the center of their health care decision making. Joe Donlan, vice president of business development at Subimo, points to the company's recently-released pre-enrollment application called the Coverage Advisor as having the functionality to be a key facilitator of consumer engagement. By using a claims database of over 55 million covered lives, consumers can project potential health usage over the course of a year and demonstrate expected costs under various benefit designs by providing health information about them-

FIGURE 4. Value-Add CDHC Financial Accounts and Tools

- ▶ Personalized budgeting tools
- ▶ Integration of saving account incentives with healthy lifestyles
- ▶ Investment options
- ▶ Contribution election models
- ▶ User-friendly tools that support cost/benefit trade off decisions
- ▶ Real time view to saving account information with links to claims detail
- ▶ Combined ID/Debit card with "smart" technology that helps consumer understand and maintain control over HSAs

selves and their family.

And consumers are going to need the additional help if CDHC evolves, notes Tom Beauregard, national practice leader at Hewitt Associates. Beauregard predicts health plans will create numerous design permutations to meet the variety of coverage and price point needs of consumers. Like Subimo, Hewitt is developing proprietary decision support tools to help its clients by providing the consumer-friendly plan selection solution. Approximately 65 percent of Hewitt's business is attributed to hu-

Amisys and Synertech— an unbeatable new team.

Now there's a team with advanced software products and world-class claims-handling experience to help you administer your health plans with unsurpassed ease, efficiency and healthcare expertise — Amisys Synertech.

Combining the strengths of the market leader in health-plan software and the most successful health-plan outsourcing services provider, the new Amisys Synertech offers a comprehensive range of products — from delivering a robust, flexible and sophisticated healthcare payer information system to managing a health plan's back office functions. Together, we're meeting customer needs today and setting the standards of tomorrow.

See how the new Amisys Synertech team can inspire your people, your business to go farther, faster. Talk with us today: 1-800-216-9756.

Amisys Synertech Inc.

www.asihealth.com

**Taking health plan
administration
farther, faster.**

man resources outsourcing for employers, notes Beauregard.

Humana's SmartSuite® and SmartSelect® products exemplify early innovation in choice and flexibility. However, health plans traditionally have been unable to cultivate strong product design competencies required in a more retail-oriented health benefits market due to strict regulatory concerns from states and other regulatory laws. Given the distance between the designer and the consumer, fine-tuned segmentation and direct-to-consumer marketing acumen has not been highly relevant.

Health plans must develop a new set of organizational skills to address the retail mindset where a host of factors—financial position, personal attitudes, risk profiles, ethnicity, age, education, health status, and family status—influence decisions and add significant complexity to the product design, underwriting and marketing processes. A number of regulatory issues must be considered as well. Group plans, for example, cannot discriminate based on health status or risk profiles of individual members.

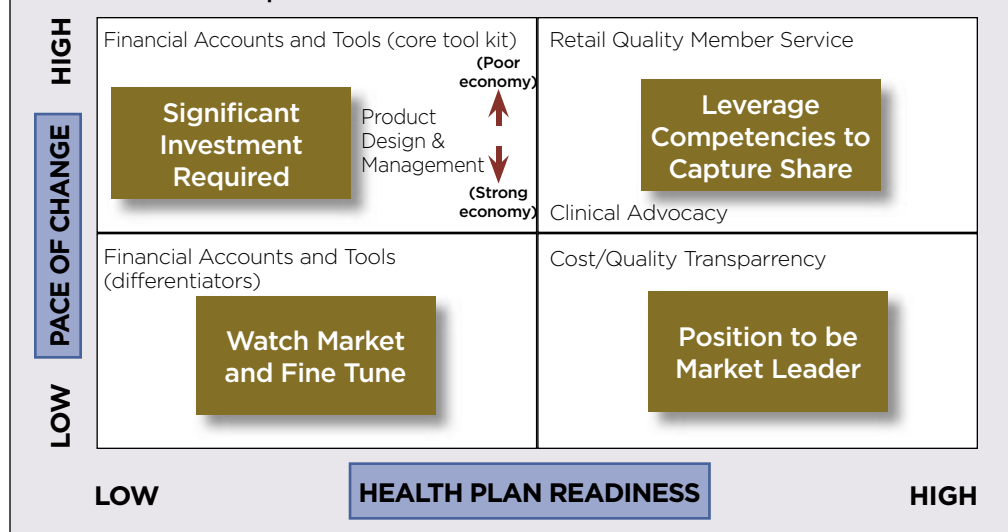
Cost and Quality Transparency

Provider selection is the natural next decision point in which consumers become engaged. While both employer-based groups, like Leapfrog, and the government (through Medicare demonstration projects) have made strides in gathering the necessary critical information to evaluate providers, more data are needed, particularly for physicians. According to Subimo, inpatient quality data are available only from approximately nine states and often are suspect due to issues with accuracy as a result of hospital coding discrepancies.

Health plans with deep local share, however, hold the “golden egg” in their own physician and hospital claims data but understandably are reticent to disenfranchise one of their key constituents by making it available. In some cases, provider contracts may even prevent it. And yet, hospitals and physician groups alike acknowledge that broader performance metrics are inevitable. Until standards are set (either by industry consensus or government mandate) as to the most appropriate way to display quality comparisons, consumers will be left to make their own judgments through available data—cost and network tiers.

Through its Aexcel network, Aetna is an innovator in leveraging its claims data to segment physicians in the most costly specialties. Other health plans, such as Premera's Dimensions, PacificCare's Value Network or Blue Cross of California's Power Select, also are pacesetters in the concept of provider tiers. These health plans recognized early on the importance of providing a measure of guidance on the specialty provider value equation until uniform benchmarks are available.

FIGURE 5. Development Considerations for CDHC Cornerstones



With the pace of change for provider transparency moving slowly, health plans have the opportunity to fine tune their internal network management capabilities. With time somewhat on their side, health plans can incorporate ever-improving technologies to integrate and mine internal data. In addition, they can pilot “pay for performance” programs to help their providers in the transition to cost/quality transparency. Other options health plans can develop for consumers’ decision making include:

- Baseline credentialing
- Specialty networks for high cost procedures, such as bypass surgery, organ transplants, etc.
- Procedure and condition cost using publicly available hospital charge data for medical services by specific geography, with the next generation tool including costs with health plan discounts incorporated by specific hospital and provider
- Hospital comparisons describing procedures, risks, treatment options and publicly available federal and state-required quality data
- Tools to quantify long-term value of “smart shopping” and rollover savings
- Prescription drug information based on the consumer’s benefit plan and formulary.
- Ultimately, calculators for long-term expenses given certain health conditions and integration with savings account planning tools should be provided.

Financial Accounts and Tools

The final cornerstone of consumer engagement—financial accounts and tools—is another under-developed area. In the early release of Health Savings Accounts (HSAs), it was unclear who would handle transactional as well as advisory aspects of the accounts and therefore have significant influence in the consumer relationship. The initial predictions that financial service companies would flood the market and take control of key aspects of the consumer interaction have not come to fruition.

Health plans have the responsibility (and opportunity) to add immense value by helping consumers to understand and plan

for their long-term health-related expenses. The core “tool kit” (see figure 3) is a requirement to play and one that should be a high priority if any deficiencies exist.

While the core tool kit must be in place today, health plans can use the next year to smartly build the value-added CDHC financial accounts and tools. (see figure 4). As saving account balances accumulate, consumers will demand more sophisticated features, functionality and investment options.

How a health plan chooses to enter the market varies by organizational capabilities and strategy. United Healthcare built its own bank approximately two years ago as a way to interact with providers and understand the mechanics of the accounts. Lumenos wanted brand equity in its partner, Mellon, but recognized the importance of maintaining full responsibility for the balance information before it moves to the financial services company. Given most health plans are taking a partnered approach to saving accounts, the organizational readiness issues are moderate and focused primarily on the connection points and managing the integration aspects—not a small task but less overwhelming than building and integrating at the same time.

Development Considerations for CDHC

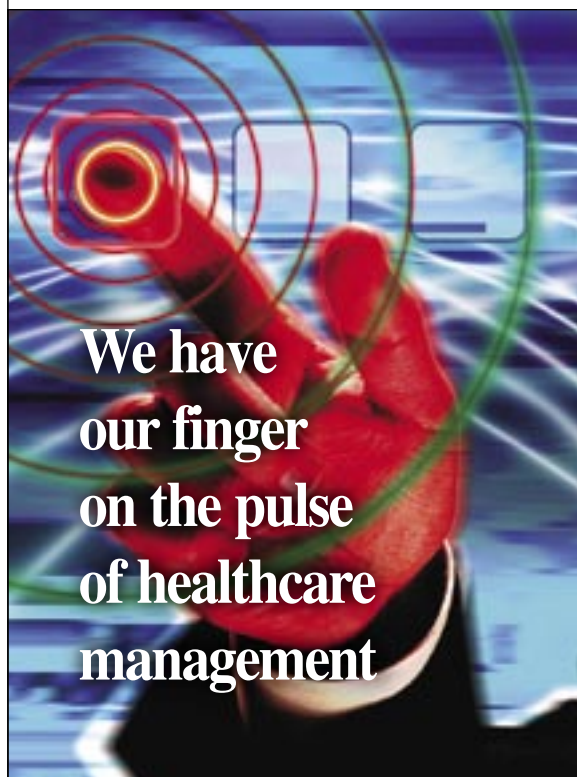
Each of the cornerstone elements presents the opportunity to engage the consumer in a way that builds trust, accountability and responsibility—provided health plans can effectively manage the organizational impact. Using the construct (in Figure 5), health plans can leverage strengths and manage risks to meet the evolving consumer demands.

With product development and management requiring significant investment, health plans need to quickly address this capability. Potential tactics include partnerships with experts in this arena or by a highly focused internal initiative leveraging those most in touch with consumer trends and segmentation strategies. Conversely, health plans can leverage core strengths in clinical advocacy and service to immediately begin the process of building deep consumer relationships that fuel CDHC.

While health plans must urgently attend to product development, member service and clinical advocacy, they can address the other cornerstones over a longer time frame allowing for the revision process and the varying degrees of organizational change.

A host of opportunities and challenges emerge from the CDHC movement. While the potential is considerable, the requirements are significant and, at times, not in the traditional competency set. Successful health plans seeking to immediately participate in the CDHC market will need to quickly define a product agenda and leverage the medical management investment. At the same time, health plans cannot lose sight of the longer-term but equally important transparency and financial management capabilities—all wrapped in a high service model. The challenges in the CDHC market are significant but avoiding them is not an option for health plans that want to be a viable solution for the market model of the future. **C**

Kathryn Weismantel is responsible for market research at ChapterHouse.



The MOST Comprehensive Solution for Credentialing & Data Management

- **CONTRACTING:** Auto-populate applications and manage contracts, negotiations, ticklers, maintain products and fees
- **PRIMARY SOURCE:** Automation and rules-based credentialing for fast and easy verification
- **LAPTOP SITE SURVEY:** Fully electronic survey tool
- **QUALITY MANAGEMENT:** Track quality indicators (Patient satisfaction, peer review—CAP)
- **OFFICE OF INSPECTOR GENERAL (OIG):** Click and compare your entire database against OIG to identify three levels of matches

ONLINE APPLICATIONS

- **eApply:** Easily submit initial apps or update recredentialing profiles
- **ePrivileges:** Hospital-wide access to real-time delineated clinical privileges
- **eSearch:** Physician referral with wide range of search criteria

**Call 888.266.4532
for a Demo Today**

WWW.VISTARTECH.COM



**V I S T A R
T E C H N O L O G I E S**