



The Attributes of Consumer Engagement in Healthcare

Q4

Dear Leader,

Our last Health Trend e-newsletter for the year focuses on the "Engaged Healthcare Consumer". Many of you who responded to our survey, told us that this would be a topic of interest to you. This brief will help you better understand the key attributes of an engaged healthcare consumer and what consumer directed health plans are all about. In addition, we will be providing you with some general information regarding the business implications of moving towards this philosophy and approach in healthcare. For your reference past "Health Trends white papers and e-newsletter are now available on the Regence Home page - Employer Section or <http://www.asuris.com/employer/education/index.html>

Purchaser Engagement as "Consumer Engagement"

The term *consumer directed healthcare* or *consumer engagement in healthcare* has entered the lexicon of healthcare topics. But what does it mean? To help explain the term, and what it means to an employer, here are some common questions and answers that explore the topic and hopefully will provide you with some clarity around the subject.

Frequently asked questions about consumer engagement in healthcare:

What is the historical difference between traditional benefit plans and new consumer directed health plans?

- The traditional healthcare model predominately focuses on curing an illness. The call to action involves a medical model, with the healthcare system and provider addressing episodic health issues. The consumer/patient is often passive, with no systematic approach by the system to help the individual

attain a healthier state of well-being.

- By contrast, consumer directed plans encourage greater involvement and personal accountability either through a different cost-sharing model such as Health Savings Accounts (HSA) or Health Reimbursement Accounts (HRAs) or through incentives that encourage the adoption of a healthier lifestyle (Wellness).

Who is an engaged healthcare consumer?

- The key is being proactive. An engaged consumer investigates issues and initiates actions that concern their health. It may be using consumer feedback resources (myRegence.com, Angies List, and others) or insisting that their doctor prescribe generic drugs when possible or being sure that their checkups are current.
- They may consider more options available to them rather than take the provider recommendations immediately.
- They actively use resources made available by their company and their health plan provider in making healthcare decisions. These resources give them vital information helping them make informed healthcare choices.

If a consumer wants to become more engaged in their healthcare which approach is best?

- HSA and HRA plans with their tax deferments, health savings accounts and high deductibles are targeted at individuals/groups that want to take charge and actively manage their healthcare. These plans offer the member more responsibility. The member has the autonomy and discretion to spend health dollars as they choose, and any premium dollars not spent are carried over to the next year. This facilitates and encourages consumer engagement.
- Health plans with a strong wellness component actively engage individuals in their healthcare outcomes. Individuals follow a regiment of periodic risk assessments and as a result of the assessment, adopt behavior changes that lead to improved overall health and well being; lowering risks both specific and general. In the case of a chronic illness like asthma or diabetes it moves them from passive to active in mitigating or even overcoming the disease. These plans often partner the individual, the plan provider and the employer to devise this wellness environment.

How does this relate to costs?

- One criticism of the traditional health benefit plan is that it insulates the consumer from the true cost of healthcare. With traditional healthcare plans the consumer only pays a portion of the premium and perhaps a co-pay for services. In this situation, they are never aware of the full cost and thus are not motivated to use their healthcare plan wisely.
- In the case of HSA and HRA plans these are low premium high deductible plans that individuals pay for routine healthcare expenses out of their health savings account. If funds in the health savings accounts are depleted, the consumer then covers the healthcare costs out-of-pocket until they have reached the high deductible amount in their health plan. The exhaustible savings account and high deductible encourages the consumer to closely track their healthcare costs and are less likely to over use the healthcare system and thus lower costs.
- A wellness based healthcare plan encourages the consumer to take direct responsibility for their health. A combination of information and incentives assist and promote the individual to adopt healthier lifestyles. Healthy people use the healthcare system less and that leads to lower costs.
- There is data that shows both the HSA/ HRA approach and the wellness

approach reduce the growth of healthcare costs. It may not be a case of which approach is best, but, which is the best fit for the individual.

What are the business implications with these types of programs?

- The most obvious is lower healthcare costs. A more engaged consumer has been shown to be healthier and thus use the healthcare system less.
- These programs also require that the companies themselves be more engaged with their employees and develop a greater awareness of their needs. There may also be a need to develop incentive programs and other programs to encourage the employees adopt healthier lifestyles.
- Because the workforce is healthier, companies may see enhanced productivity and presenteeism.
- Better management of chronic diseases avoids the extremely high cost of treatment and negative impact on workplace morale and productivity when an employee does not manage their disease effectively.

What are the criteria for selecting a Consumer Directed health plan?

- A consumer directed model often has three components.
 - A process for involving employees in the change itself.
 - Communications and information resources.
 - Incentives to encourage and reward beneficial changes in behavior.
- Consumer Directed health plans should collaborate with providers to focus on wellness, prevention and have a track record that demonstrates success in moving a workforce from a traditional healthcare approach to a consumer engaged approach.
- A carrier should have a strong menu of plans that can meet the varied needs of a companies workforce from HSA/HRA plans to wellness plans to more traditional plans with wellness components.

Whichever approach seems most suitable for your company, the trend is definitely towards a consumer directed philosophy. These plans offer more than just the mitigation of healthcare costs but the benefit of better health outcomes and more productive employees.

You are receiving this communication because you are part of the Regence community and in partnership with your agent/broker, we want to provide you with the latest information about health trends.

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