

Is Consumerism the Health Care Silver Bullet?

A white paper summarizing the Health Care Forum 2007.

Presented by:



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Rising health care costs represent an enormous challenge for both American business and the American worker. With increasing operating costs, employers and employees are finding themselves in an uncompetitive global marketplace.

The good news is that executives are responding to these turbulent times with innovation instead of resignation. More and more are seeking an approach that engages individuals in their health and enables them to improve it. Consumerism is a platform which integrates all components of the health care system to work together for improved health and well being. As an alternative to the traditional focus on benefit plan design, consumerism is a powerful and sustainable way to engage individuals to improve their health, while removing costs and maintaining the highest quality of care.

However, health care consumerism depends on the critical role employers play in helping their employees become more engaged in managing their health. While the health insurance industry may be moving towards a more consumer-centric health care model, employers continue to play a pivotal role in financing and providing health benefits and services, and serving as a resource of education, information and motivation.

At CIGNA, we partner with forward-thinking employers to look at new, innovative and exciting ways to manage their benefit strategies and to improve health and lower costs. Employers rightly view their health care benefits as not just an incentive to recruit and retain valuable talent, but also as a way to improve their business results. All agree that focusing on a bottom line that ensures a healthy and productive workforce reaps financial benefits as well.

Striving to keep a diverse workforce healthy and productive is the growing focus of American business. Addressing this has, whether referred to as “consumerism” or “consumer-driven health care,” become one of the most significant – and fastest accelerating – developments in American health care today. Its central premise is quite simple and straightforward: People can become better consumers of health care services – and healthier, more productive employees – if they possess the necessary knowledge and resources to make informed health care choices.

Frustrated by rising costs and uneven medical quality, many business leaders recognize the potential of implementing a consumer-driven approach, but don’t know where to start or what kind of program to pursue. As a leader in consumer-driven health care, CIGNA works with employers to find the optimal solution. CIGNA provides businesses with the tools, resources and support they need to customize and implement effective solutions.

CIGNA recently sponsored the “Health Care Forum 2007”, highlights of which may be viewed at ChicagoBusiness.com/hcf, to help employers better understand the health care consumerism and consumer-driven health options available to them. Representatives from Safeway, Aon, Follett, Sara Lee and UPS shared their stories about the challenges and triumphs of creating tailored programs. Forum participants had the opportunity to ask questions and draw on the valuable experiences of prominent local businesses.

The keynote speaker, Larree Renda, executive vice president, chief strategist and administrative officer at Safeway, put rising health care costs into perspective by presenting them in the historical and global context. Citing the fact that health care costs had gone from 7.2% of the GDP in 1970 to 16.2% in 2005, Ms. Renda spoke about the need for American businesses to take responsibility – to save jobs and remain competitive in the international marketplace. She also elaborated on Safeway’s own reinvention – a new consumer-drive health plan (CDHP) developed in partnership with CIGNA.

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Premise: People can become better consumers of health care services – and healthier, more productive employees – if they possess the necessary knowledge and resources to make informed health care choices.

Larree M. Renda
Executive Vice President, Chief Strategist
Safeway, Inc.

Safeway's new plan empowers non-union employees to take control of their own health. Their CDHP has allowed the company to lower its health care costs by 15% while saving employees 25-34% in out-of-pocket costs.

Al Rapp
Corporate Health Care Manager, UPS

UPS has turned its focus to its condition management and wellness program to make sure those with chronic conditions and health risks are being identified and provided with the tools and support they need to help them get well and to stay well.

Richard A. Ellspermann
Executive Vice President, Human Resources
Follett Corporation

While Follett probably spent more than five times what they would normally spend on communications, the investment has paid off.

Brad Patrick
Senior Vice President, Human Resources
Sara Lee Food & Beverage

This new approach to health care is about to transform Sara Lee's workplace.

Safeway's new plan empowers non-union employees to take control of their own health. Their CDHP has allowed the company to lower its health care costs by 15% while saving employees 25-34% in out-of-pocket costs. The word is quickly spreading among Safeway employees – plan enrollment has nearly doubled in its second year. According to Ms. Renda, the company sees CDHP as a long-term investment which will result in healthier employees, higher productivity and lower health care costs.

The hallmarks of the Safeway plan are:

- **Transparency** – Give employees more information about the cost and quality of health care.
- **Motivation** – Reward employees who make smart health care choices by lowering costs.
- **Access** – Simplify processes and provide employees with the resources they need.
- **Prevention** – Encourage diagnostic tests so that illnesses are detected as early as possible and treated before they become a crisis.

At UPS, Corporate Health Care Manager Al Rapp said the company views health care coverage as an investment in its people, their largest asset. It drives the options they offer employees – there are no cost-shifting or limits on eligibility choices or coverage. While UPS has been closely monitoring consumer-driven health plans, they are waiting for more data on provider quality and pricing transparency before significantly altering benefit design. Currently, there is a concern about the quality of information available to their employees to allow them to make educated and informed decisions. As a result, UPS has turned its focus to its condition management and wellness program to make sure those with chronic conditions and health risks are being identified and provided with the tools and support they need to help them get well and to stay well.

Teamwork and collaboration by all the health care partners supporting these programs is paramount. UPS largely attributes the very high participation rates to the integration of data-driven modeling for participant identification, a personal health record and results reporting, and the invaluable role of the health coach.

Promising Progress

While Follett Corporation doesn't believe it has yet found the silver bullet, they do believe they are off to a great start in changing how health care is perceived and used. To empower associates to take control of their health and their health care costs, they framed a "picture" as to what the future would look like as a healthier company with healthier associates. Their strategy of performance improvement and wellness did require benefit plan redesign along with an enormous commitment to communications. However, Richard Ellspermann, executive vice president of human resources, indicated that while they probably spent more than five times what they would normally spend on communications, the investment has paid off.

In addition to adding a health risk assessment and a health reimbursement account option, Follett has newly focused on explaining various terminologies of consumer-driven health care, medical terms and insurance. Their bottom line goal is behavior change and how Follett can communicate, reinforce, engage and continue stimulating real and lasting change to adopt healthy lifestyles, improve health and control costs. In its most recent employee survey, 92% responded positively to consumer-driven health care, recognizing it is good for both Follett and Follett associates, and, in fact, more than 50% of their workforce has already signed up for the new consumer-drive health plan.

For Sara Lee, addressing double-digit health care inflation, the need for wellness programs, complexity of numerous medical plans and a highly decentralized company, the new health care solution has become a journey. To empower employees as consumers and encourage wellness has required getting to a common mindset and working toward a common plan. With a consumerism approach ideally aligned with the company's cultural pursuit of continuous improvement, lean management, empowerment, engagement, and personal ownership and responsibility, Sara Lee's journey began as a total replacement of previous programs.

Alexandra Jung
Senior Vice President
Aon Consulting

Top Ten Tips For Consumerism Transformation

1. Don't ignore CDHPs.
 2. Don't let the lack of provider quality data stop you.
 3. Don't look at CDHP as a short-term way to cut costs.
 4. Don't skimp on communications.
 5. Don't focus solely on disease management but rather the broader health continuum.
 6. Don't forget to set objectives.
 7. Don't forget top leadership buy-in.
 8. Don't get mired in the numbers.
 9. Don't believe you have to spend a lot.
 10. Don't try this alone.
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Sara Lee is already finding success through the right mix of health risk assessments, member responsibility, co-insurance plans, wellness support, consumer tools and incentives. To date, medical cost trend has been reduced from 14% to 10% over the past three years with the goal to reach the 8% range. In addition, Sara Lee has seen an increase in wellness benefit utilization, website hits for health information and use of health coaches, along with an uptake in use for its generic and mail order prescription drug programs, and fewer and shorter emergency room and hospital visits. Senior Vice President of Human Resources Brad Patrick believes this new approach to health care is about to transform Sara Lee's workplace.

Moving Down the Path

Alexandra Jung, Senior Vice President of Aon Consulting, who has led the implementation of consumer-driven health care initiatives with many Fortune 500 companies, shared valuable insights and experience about what to avoid when moving down the CDH path (see side bar).

Jung stressed that those stymied by lack of provider quality data should recognize that while the health care information available to providers has never been perfect, significant progress is being made by insurance companies. Likewise, businesses focusing exclusively on quantifiable ROI should understand that the issue of health care is getting much bigger than that. There is investment in these programs and patience necessary to allow them time to work, because it takes time for people to change their health behavior. However, the single most important element of success in these programs is communication so employees understand how to make changes. Jung also encouraged employers to collaborate with insurance company representatives, brokers and consultants, because they have done this before and can guide you in the right direction.

All Forum panel members approached their consumerism plans with an innovative twist. Each representative company had a different set of circumstances to consider – be it unions, size, geography or resources – but all of them have made a consumer-driven health care approach work.

Enlightened employers view benefits as much more than an incentive to recruit and retain – they see them as an integral part of the business strategy. The "Health Care Forum 2007", presented by *Crain's Chicago Business* and *Workforce Management* reflects CIGNA's ongoing commitment to partnering with forward-thinking employers to discover new, innovative and exciting ways to manage their benefit strategies.

About CIGNA

CIGNA is one of the largest investor-owned employee health and related benefits companies, built on a proud history as an innovator in integrating health, pharmacy, behavioral, dental disability, life and accident benefits domestically and in select international markets. We see a promising future by combining these capabilities with our critical role as a health advocate for consumers and the companies that employ them.

For more information, visit www.cigna.com or www.chicagobusiness.com/hcf.

The Health Care Forum 2007:07:

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