

Essential Keys to Success for Consumer-Directed Health Plans

ANNOUNCER: Hello. Welcome to HealthSounds, conversations with healthcare innovators. Brought to you by the Healthcare Intelligence Network.

LAURA GREENE: This is Laura Greene for the Healthcare Intelligence Network. Today I'm speaking with Kathleen Campbell, head of consumer-driven health plans at Aetna. Kathleen is presenting at HIN's webinar "Essential Keys to Success for Consumer-Directed Health Plans." Welcome and thanks for joining me today Kathleen.

KATHLEEN CAMPBELL, HEAD OF CONSUMER-DRIVEN HEALTH PLANS AT AETNA: Thank you. I'm happy to be here.

LAURA GREENE: To begin with, at Aetna you track your members experience with the consumer-driven health plan. What kind of trends, if any, have you seen regarding the Aetna health fund experience since it launched in 2001?

KATHLEEN CAMPBELL: A couple of different things but what we have seen is that with employers that the enrollment has actually picked up. Not only are we seeing more employers offering the consumer-directed plan, but within those plans the enrollment is picking up. I think that as medical costs increase, employers will be looking more toward the high deductible health plans whether it's the HRA, the Health Reimbursement Arrangement, or the high deductible health plan with the health savings account. What we have noticed over the course of the years, and our study is the longest one out there, is that what typically happens

with these plans is that once during open enrollment an employer offers these high deductible health plans that the employees are relatively savvy and they start to get their medical care that's voluntary, usually it's the last quarter of their prior plan. So the first year in a consumer-directed plan, what you find is that the trend will go way down. And part of that is because the fourth quarter of the prior year is artificially inflated, and the first quarter of the first year in the consumer-directed plan is artificially lower. Then, what you find is the second year it catches up. So if you compare first to second year, it's artificially inflated the second year. So you're really looking to see what happens over time. One of the things that we found this year after looking at employers with a stable population who have been in an Aetna health fund type of product for multiple years is that the trend numbers could potentially start to go up over time. Part of that could be, in particular when we're talking about the HRA, the Health Reimbursement Arrangement, part of that could be because funds actually build up for the Aetna health fund product. And these are notional dollars, employees know that if they leave the company they don't go with them. So rather than saving for retirement like in an HSA where it's their real money, there may be an interest in actually just spending the money and the whole skin in the game concept with consumerism may diminish. So that's something to think about.

When we talk about the results of our study some of what we'll get into more detail on are the strategies that various employers have used to maintain those costs over time and really what they had to do with regard to their plan designs. A couple of other trends that we actually saw was that after one of these plans is in place for a few years, satisfaction increases. And

one of the reasons could possibly be because they're more used to the mechanics of how it works and they actually understand a little bit more about how to be a better consumer of healthcare, how to spend their dollars wisely and make better decisions about their health and their healthcare. One other item that we found out is earlier on when we started looking at those members who were participating in the consumer-directed products is that they were a little bit younger than the comparison group, our PPO book of business. And what we found this past year is that's starting to level off and we're not seeing the younger, the healthier going into that group and it's more becoming the population in general. So that's important when we're making comparisons.

So those are just a few of the trends that we've seen over the years. One other is that what we've continuously seen is that because of certain program components that we encourage such as preventive care being paid at 100 percent and really trying to look at and encourage people with chronic conditions to take care of themselves, that the people with chronic conditions and those people with diseases, such as diabetes, are still taking the drugs that they need and then getting all of the exams and tests that they need to continuously monitor their illnesses. And that has not gone down.

LAURA GREENE: Thank you Kathleen. Aetna offers a full suite of consumer-directed healthcare products in the Aetna health fund. What is the most popular or unique product you offer?

KATHLEEN CAMPBELL: Well the two primary products that we offer is the high deductible health plan with an HSA, and then we offer the health reimbursement arrangement. We've been offering

the health reimbursement arrangement or HRA for the longest period of time that was offered back in 2002. And then two years later we started to market our high deductible health plan with the HSA. Each employer is different. So it's hard for me to pick one or the other. What I can honestly say is, we're seeing interest in both, but the interest in the high deductible health plan with the HSA has been increasing and an employer would need to decide which program works best for them and for their population. In the health reimbursement arrangement, what we've found is that there's more flexibility with plan design. The employers who were really struggling with putting in the high deductible that is required by law for the HSA, they may instead decide to go with the health reimbursement arrangement. An employer with high turnover may struggle with the HSA because the money – if they put money into the fund – it automatically goes with the employee if they leave. Now, that could also work the opposite is maybe they would be using this as a means to try to attract or keep their employees. And so they really have to understand their population, what kind of behaviors their population would have relative to the products and then figure out which one works best for them.

An HSA is a great strategy for employers who are either reducing or eliminating retiree health benefits. And it's a great way to educate and then start their employees saving for retirement, so when they reach the retirement age, whatever it may be in the future, that they'll be better prepared and they have a better awareness. So one of the other points I guess that's unique is, with each of them and they're different, is with our HRA we have integrated it with our medical plan in the system. So that from the member's perspective it's simple to use and that they basically submit the claim and if there's money in the fund it

will reimburse the provider through the fund and then if there's any member responsibility then that would come next. We think it's important to reimburse the provider rather than leaving the employee or the member in the middle to get them confused, reimbursing the provider is critical. Now, somebody could argue that if it's automatically paid out of the fund does the employee even know what it costs. But we actually have health statements, and these health statements are sent out to employees who have a claim and it shows them what are the dollars in the fund, what is used, what is remaining, what is the cost of care for that particular procedure and it really helps them keep track of what's in their fund and their spending. And that helps again for them to be a consumer from a financial standpoint. With the HSA, we actually have a unique relationship with JPMorgan Chase. They're our banking partner but at the same time Aetna is the custodian and so that gives us some advantages with regard to how we want to set up how we integrate and we've really had a good successful relationship there. So again my answer to this is that they're both good programs and that each employer has to decide what works best with their strategy with regard to employee retention, what their prior plan was, what they're looking to do in the future, what they're looking for this particular product to do for their employees and actually for them.

LAURA GREENE: Okay thanks Kathleen. And finally, what is the most frequent question you receive from consumers regarding the products in the Aetna health fund?

KATHLEEN CAMPBELL: Well since I don't directly talk to consumers regard it, I talk about different people who actually work at Aetna who get these products and also it's a little bit

philosophical. One of the things that we've tried to do is have an awareness toward the complexities that could exist in these consumer-directed products, how do we use the fund, as compared to a deductible, or what's an HSA account, what do I have to worry about with taxes, what's this thing called substantiation, what's covered? And so what we've really tried to focus on with regard to the actual health reimbursement arrangement and the high deductible health plan with the HSA, is to try to develop materials for members that makes the program easier to use. And so that if you can take the noise out of the mechanics of the plan design and the product and make it easy for them to go to a Web site, or to look at materials, or make a phone call so that they can get the information they need to either take better care of their health, select a better health plan or when they're in the point in their life where they need to take advantage of the healthcare system because somebody is sick or has any kind of condition, that the tools are available and they can spend the time on the tools to be a better healthcare consumer. So I think that that's important. And we're constantly assessing this and reassessing it to try to figure out how we can best engage employees and help them in this way.

LAURA GREENE: I see. Those are all the questions I have for you today. Thanks for being with us and we're looking forward to hearing from you during the webinar.

KATHLEEN CAMPBELL: Thank you I'm looking forward to it.

LAURA GREENE: This is Laura Greene for the Healthcare Intelligence Network.

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