



# The Impact of CDHC Offerings on Consumer Behavior

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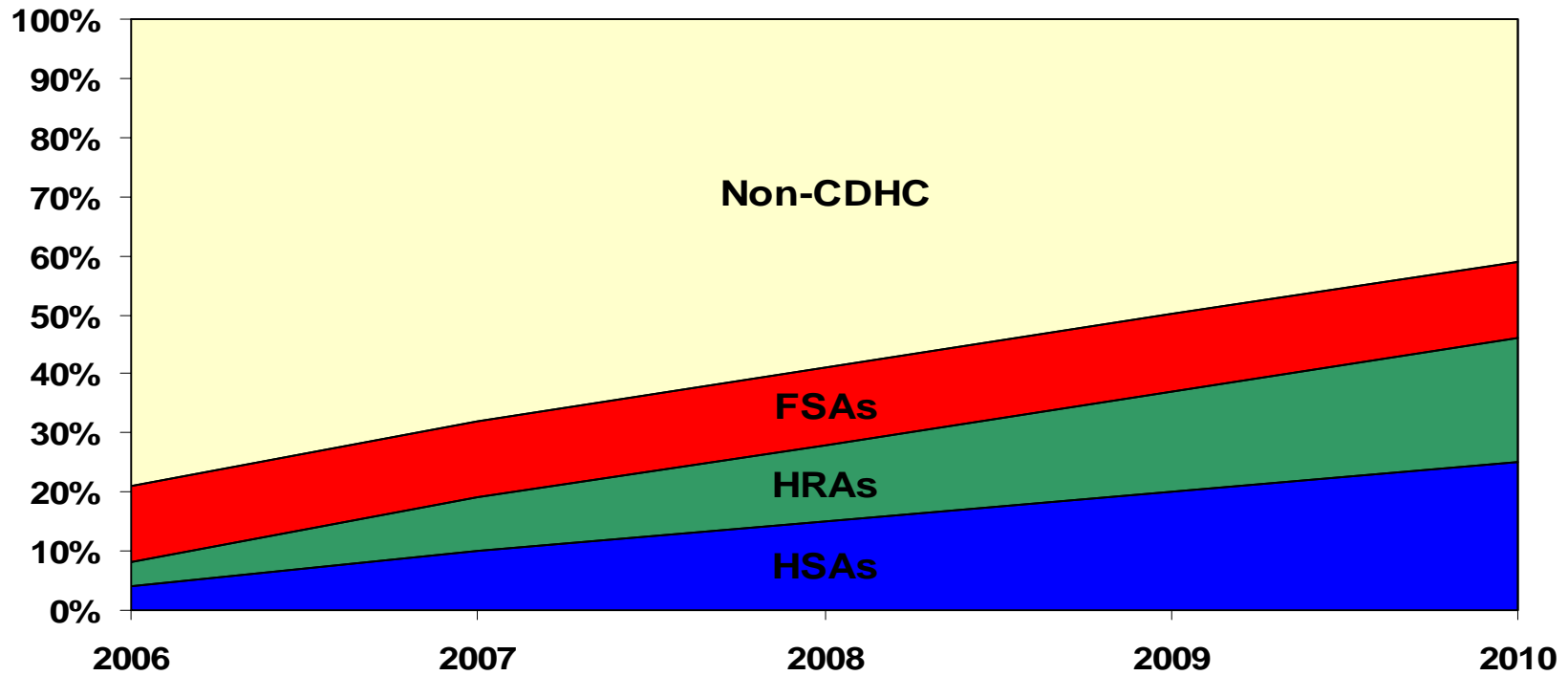
# **Consumers Are Smarter, Stronger Than We Thought**

Using and Benefiting From CDHC  
In Increasing Numbers



# CDHC Growth

Percentage Of CDHP Users Through 2010





# What Healthcare Consumers Want

**Prevent medical catastrophe from becoming financial one**

**Save money**

**Grow funds, if possible**

**Ease-of-use and good customer service**

**Good, reliable information to make decisions**



# Insurance



# How CDHC Insurance Was Obtained

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# Influencers, Concern, Satisfaction

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# Premiums, Deductibles & Savings

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## Customers: Assuming Control

**Becoming responsible for healthcare takes time and education; desire to do so is strong.**

**Savings on HDHP is a big attraction, as is a lower future increase on premium.**

**Utilizing Internet website, 800 lines to self-serve.**

**Increasing awareness of costs and how to minimize.**

**Using preventive measures and taking medication.**

**Fewer uninsured.**



# Insurance: What's Next

**Lower loss claim rates lead to lower premiums.**

**Incentives for preventative healthcare.**

**Multi-year insurance.**

**Better customer service and information for decision making.**



# The Savings/Spending Account and The Custodian



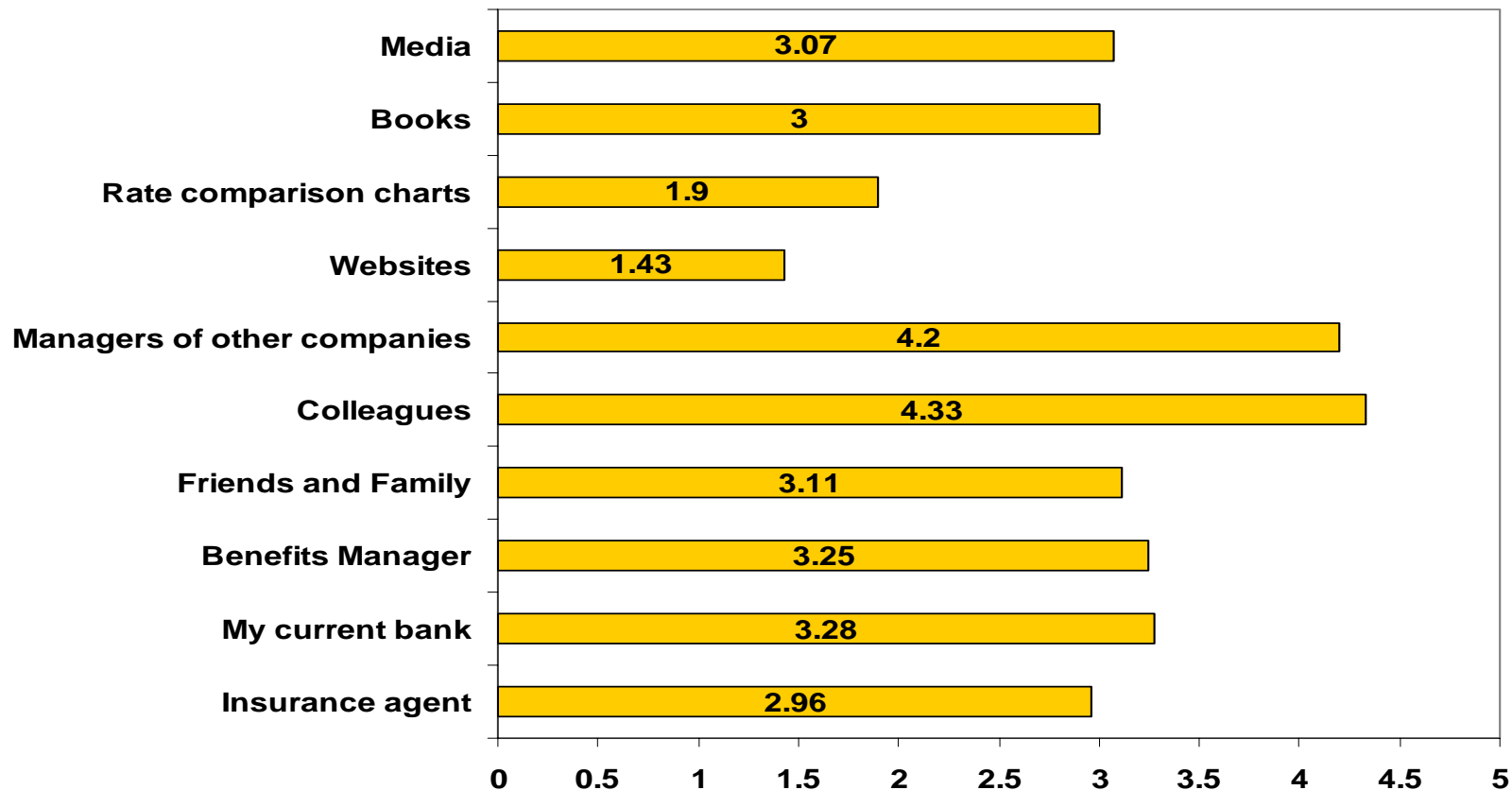
# Where Individuals First Turned To For Custodial Account Advice

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# Ranked Sources That Influence Custodial Account Choices

Chart based on latest 7,000+ interviews through June 15, 2006





# Customers: Increasing Demands

**Preference for seamless one-stop-shop.**

**Look first to local bank; majority bank 300+ miles away.**

**Expect superior customer service; else account portable.**

**Want to save their money; grow their balances through tiered interest and investment options.**

**Shopping for lower fees.**



# Preferred Consumer Benefits

**Tax-advantages for contributing to account.**

**Funding of account by others.**

**For HSA: Ownership and control, as well as privacy**  
**Portability**  
**Rollover to retirement**



## The Account: What's Next

**Focus on growing accounts.**

**Competitive fees and features.**

**Better customer service, educational materials.**





# Wise CDHC Spending



# Careful Consumer Spending

**Comparison shop, choose wisely: research, check prices and results.**

**Ask for referrals from trusted sources. Give feedback.**

**Request discounts.**

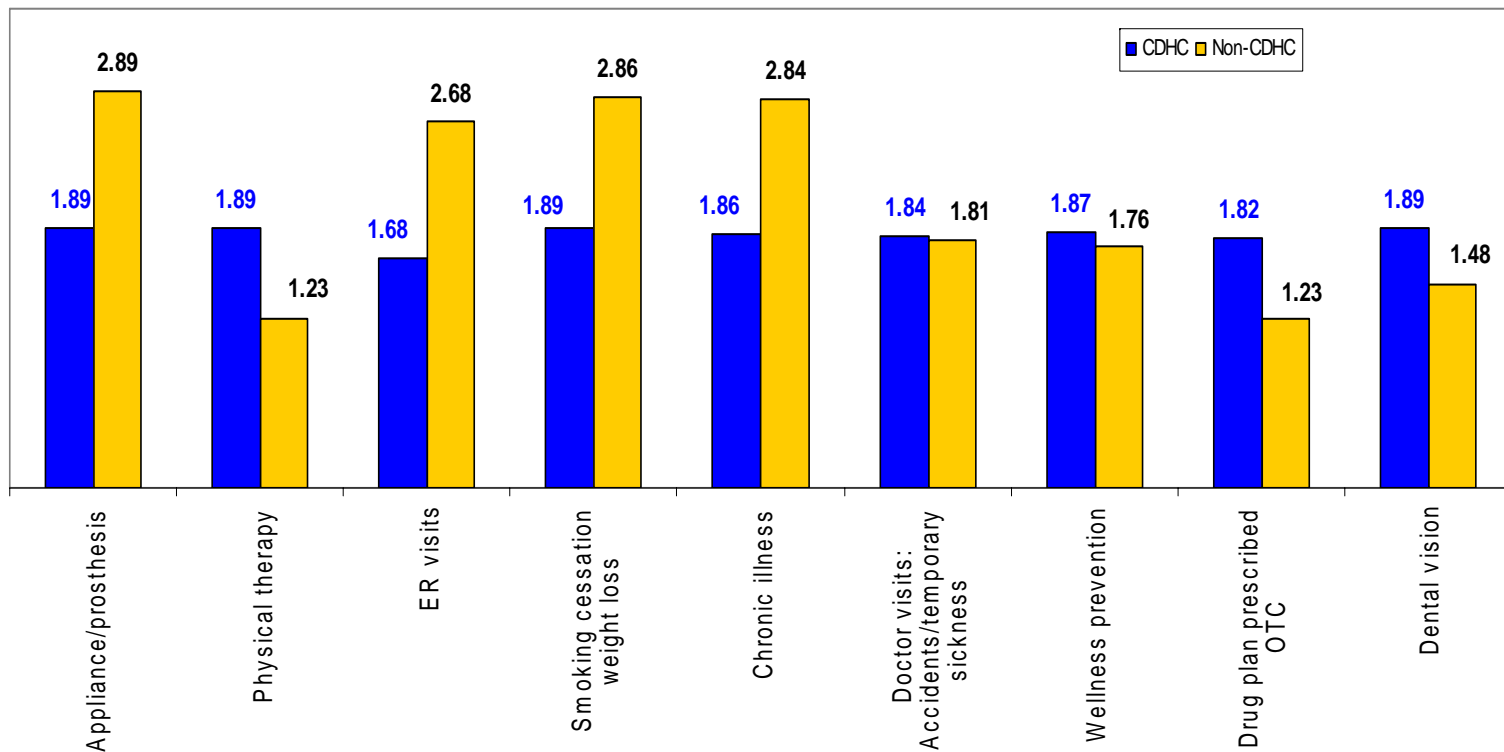
**Think twice about going to the emergency room or seeing a medical professional.**

**Decide how to pay; delay if advantageous.**



# Usage Comparison of CDHC and non-CDHC Insurance Holders

Chart based on latest 7,000+ interviews through June 15, 2006





# How Plan To Use HSA

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## Spending: What's Next

**Consumer's will expect competition for their dollars.**

**More global tourism, sometimes with devastating results.**

**Greater reliance on comparative information.**

**Internet portals to play increasing role.**



# Government / Regulation



# Government Regulation

**Created most flexible form of Consumer Driven Healthcare.**

**Trifecta of tax advantages.**

**Easy reporting for account custodians, consumers.**

**Prevents medical catastrophe from being a financial one.**



# Government Major HC Purchaser and Information Supplier

**Pays for nearly 40% of healthcare.**

**Walk the Talk; order to Health and Human Services Department, Defense Department, Veterans Affairs Department and Federal Employees Health Benefit Program agencies:**

- Use interactive health information systems.
- Enact programs that measure the quality of care, and develop those measures with private sector and other govt agencies.
- Make available to beneficiaries the prices that agencies pay for common procedures.
- Develop and identify practices that promote high-quality health care.





## Regulation: What's Next

**Permit rollovers of FSAs and HRAs into HSAs.**

**National insurance of small businesses, others.**

**Raise contribution limits.**



# Providers Pulled Into Marketplace



## Insurance: Warming to CDHPs

**State regulation, slow plan rollout and brokers not pushing has effect, but demand is greater.**

**Employer factor on consumer product.**

**Insurance information and customer service necessary added expense.**

**Congruent goal with wise healthcare user: judicious spending for medications, prevention, and healthcare services can lead to lower loss claims, effect future rates.**

**Affecting components of non-CDHC plans.**



## Financial Industry: Waking-Up

**Early offerings were based on offering a current account with high activity.**

**Realized opportunity to increase number of accounts and grow deposits (consumer goal), as well as cross-sell other offerings.**

**Transparency of offerings, pricing, customer service are driving marketplace.**

**Communication and education challenge.**

**Employer factor.**



## Other Providers: Realizing Market

**Drug companies, hospitals, care providers etc.: promote specialties, benefits, cost, efficacy, as well as clarifying offerings and payment terms to generate business.**

**Back office processors, education and info service firms: good offerings (provide tools, calculators to promote transactions) and superior customer service leads to customer acquisition, usage and retention.**

**TPAs to manage process for employers, to enable them provide quality healthcare benefit to their employees.**



# How Consumers Changed Providers

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**Sought price concessions.**

**Pushed for more flexible plans and tax advantages.**

**Utilize wellness and other programs from Insurers, Employers.**

**Forced more information.**

**Reduced fees of custodial accounts.**

**Broke alliances of insurance / account custodians.**

**Demanded, got investment products.**



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