



# REDBRICK HEALTH<sup>SM</sup>

## **BEYOND CDHC – BEHAVIOR-BASED FINANCING** *Putting the “health” back into health care benefits*

Kyle Roling | 5.04 Wellness Incentives Track

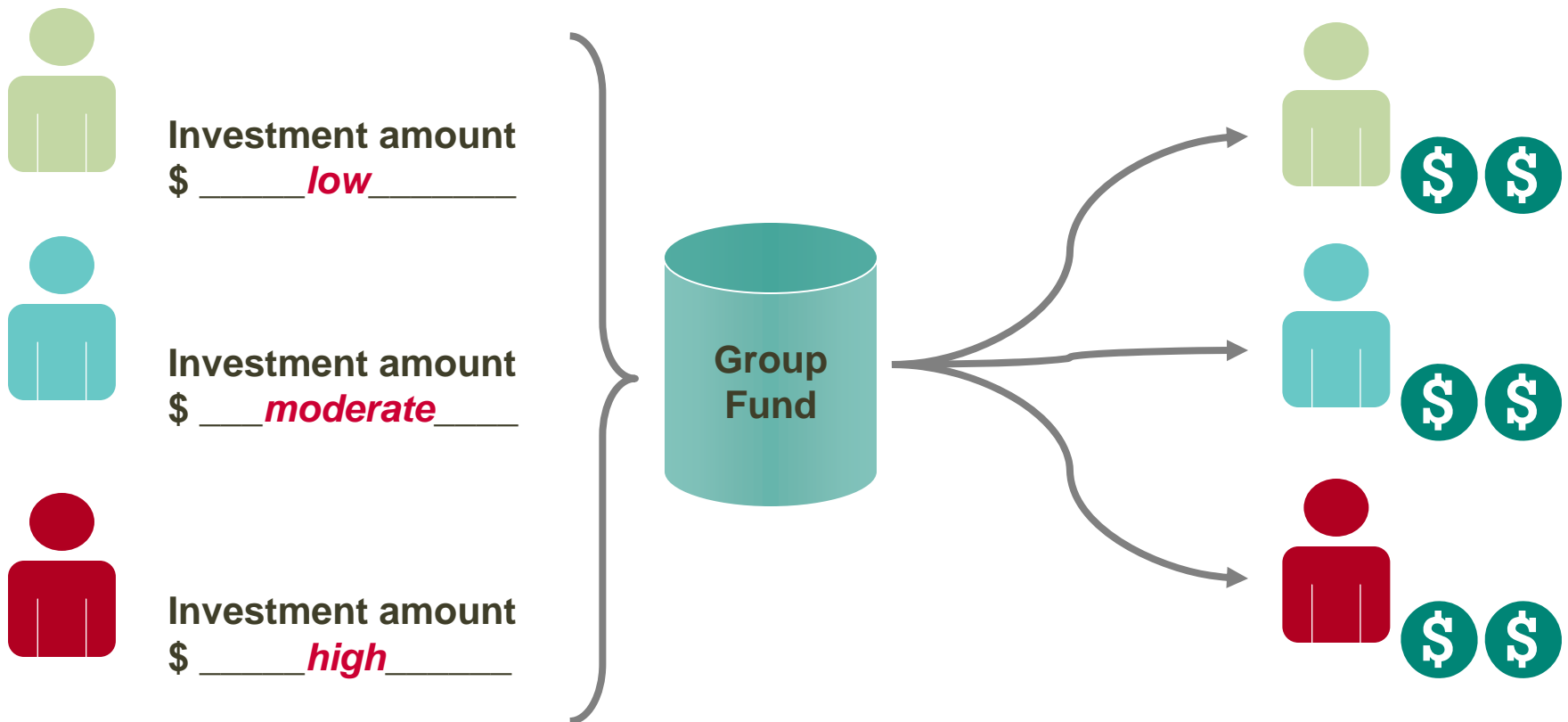
The background of the slide features a complex, abstract pattern of overlapping geometric shapes in various shades of blue and teal. The shapes include rectangles, squares, and rounded rectangles, some of which are slightly offset or layered, creating a sense of depth and movement. The overall effect is a textured, grid-like appearance.

## **GROUP ACTIVITY / DISCUSSION**

## A digression and a thought experiment

*What would happen if we applied the health benefit financing model to retirement savings programs?*

# The twist – equal distribution regardless of individual investment



## Consider implications on future behavior

- What is your reaction to this financing model?
- Who gains from this approach? Who loses?
- What behaviors would you expect to see take place as a result of this plan?
- Who would invest? How much?
- How much attention would be paid to individual investments?



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## **CONNECTING FINANCE TO HEALTH CARE WORKS – CDHC PROOF POINTS**

# CDHC – connecting financing to health care decisions works!

- **6.5%** decrease in pharmacy costs<sup>1</sup>
- **11%** decline in overall prescriptions<sup>1</sup>
- **13%** increase in overall generic utilization<sup>1</sup>
- **31%** increase in the use of pill-splitting<sup>2</sup>
- **100%** increase in the use of mail order pharmacy services<sup>2</sup>

**5-10%**  
fewer ER  
visits<sup>3</sup>

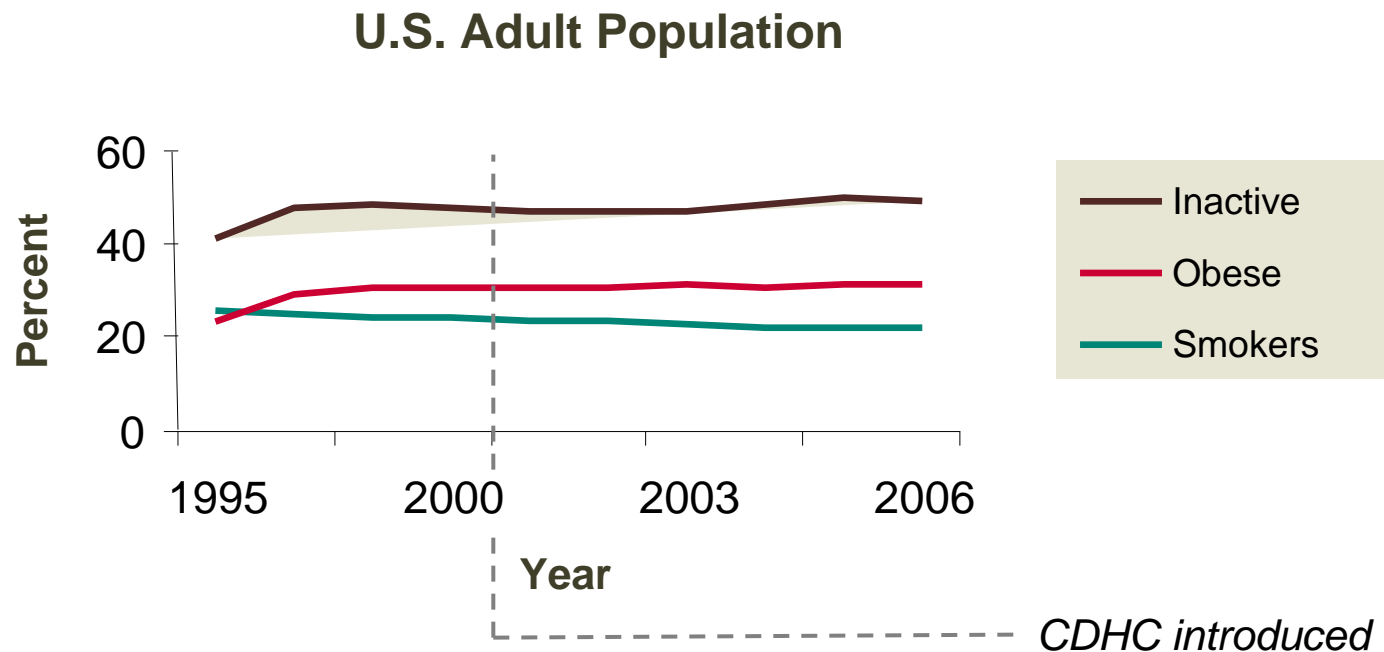
**36%** increase in  
members taking  
annual preventive  
exams<sup>3</sup>

- **12%** fewer inpatient admissions<sup>3</sup>
- **30%** fewer inpatient hospital days<sup>3</sup>

**Source:**

<sup>1</sup> Aetna CDH book of business. <sup>2</sup> UnitedHealth book of business. <sup>3</sup> 2007 Health Spring Meeting, Session 89: CDHP Experience Update.

# However, the impact to health status is less evident



*While CDHC has impacted individual health care decisions, it does not appear to have much impact on the individual health behaviors that drive increased medical costs.*

**Source:**

Centers for Disease Control and Prevention, National Center for Health Statistics.



## And, efforts to engage aren't having the desired effect (a “sickly response”)

- 4% of smoking employees participated in employer-sponsored smoking cessation programs
- 5% of overweight employees joined workplace weight control programs
- 10% of employees with chronic conditions participated in employer-promoted disease management programs

**Source:**

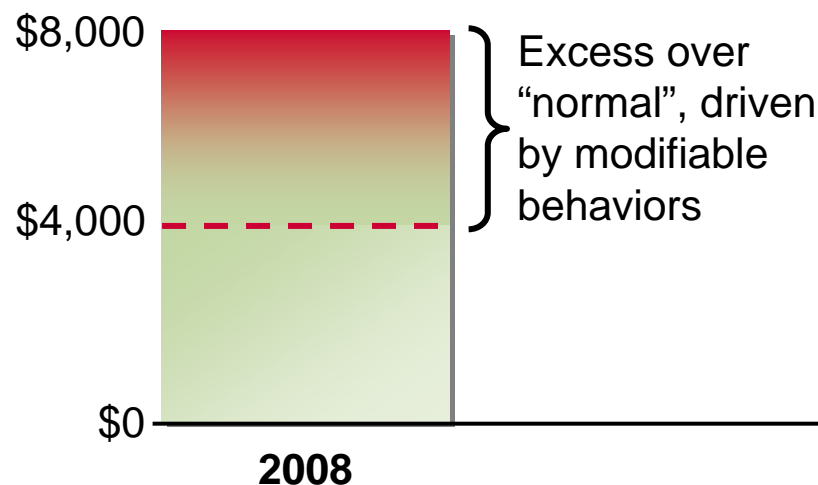
Survey Findings: Two Roads Diverged: Hewitt's Annual Health Care Survey 2008.

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# **THE DISCONNECT BETWEEN BEHAVIORS AND FINANCING**

# 50% of healthcare costs are attributable to individual behaviors

## Total Healthcare Costs

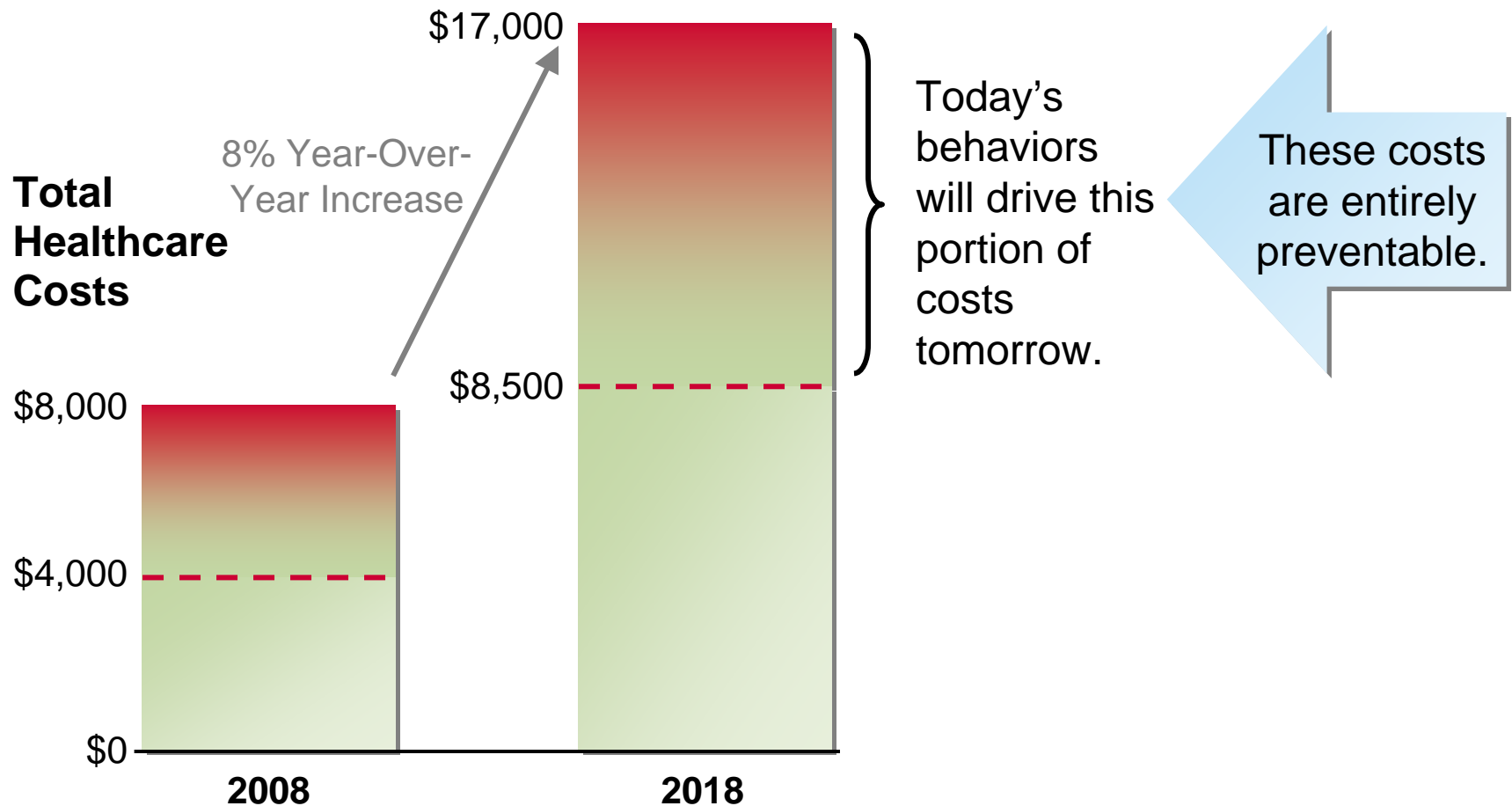


Modifiable behaviors account for over \$85 billion in health care spend for *Fortune 500* employers

*Specifically, behaviors related to:*

- *Physical activity*
- *Smoking*
- *Nutrition*
- *Medical compliance*
- *Alcohol use*
- *Stress*

# The problem will only get worse



## A digression and a thought experiment

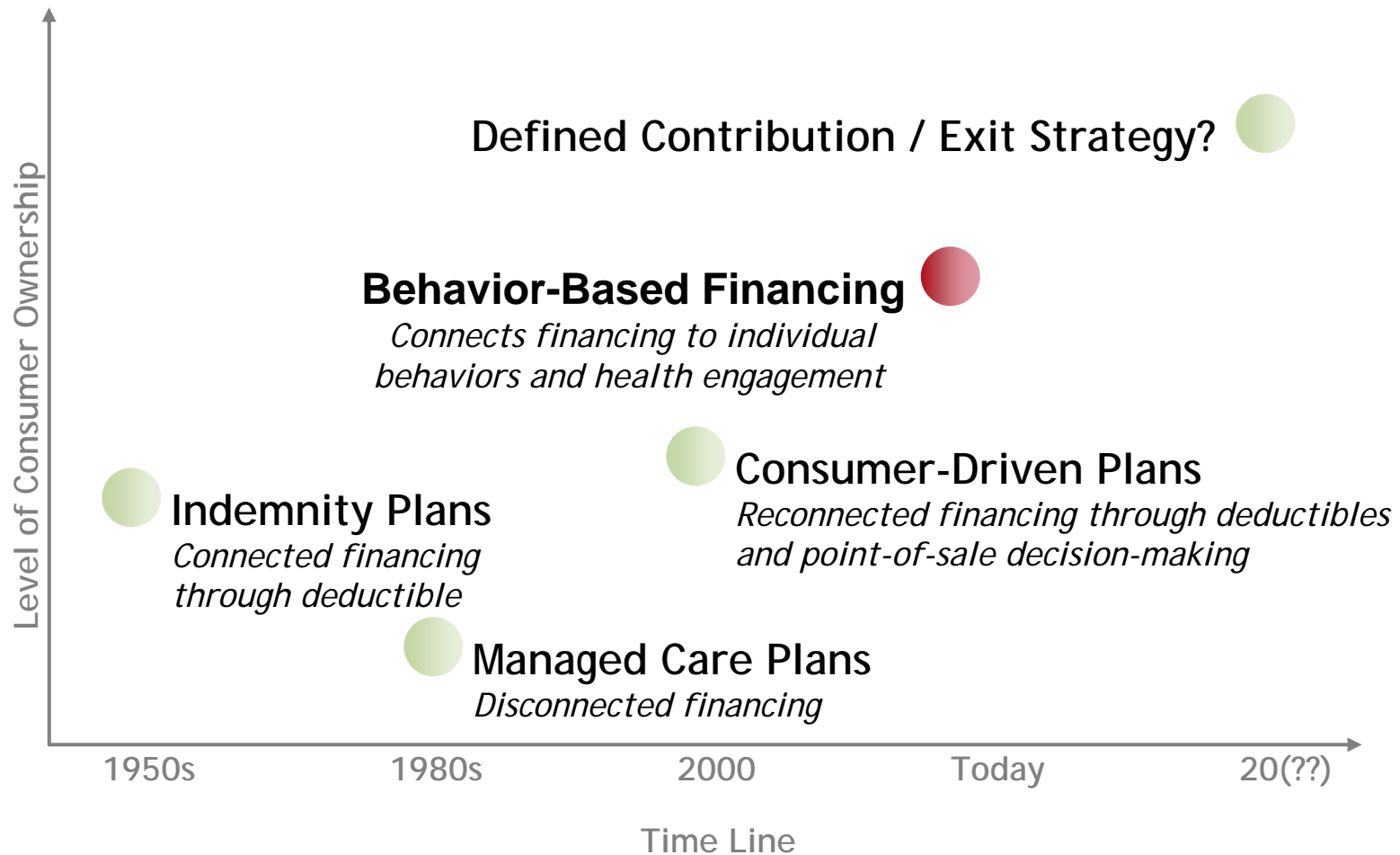
*What would happen if we applied the health benefit financing model to financing home owner insurance?*



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## **BEHAVIOR-BASED FINANCING – MOVING BEYOND CDHC**

# Consumerism's next phase



# Components needed to move to behavior-based financing

- First, we need a behavior-based financing framework in which the individual consumer's share of health care costs depends on whether they engage in their health
- Second, because we are asking people to take more responsibility in their health, we need to make it easy for individuals to engage

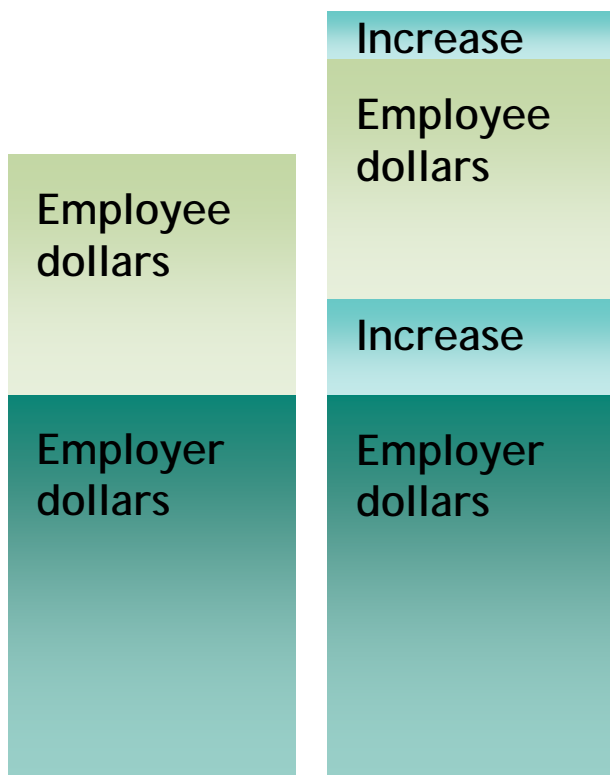


**STEP 1:  
ESTABLISH A BEHAVIOR-  
BASED FINANCING  
FRAMEWORK**



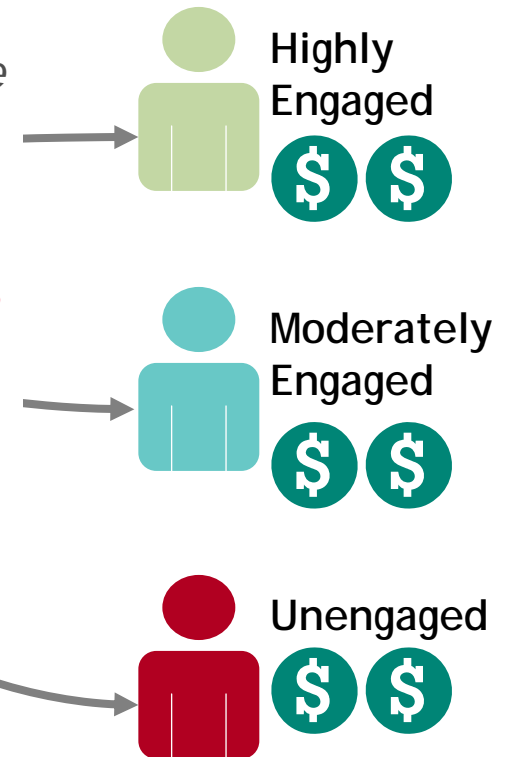
# The current system treats employees unfairly

Under current system...



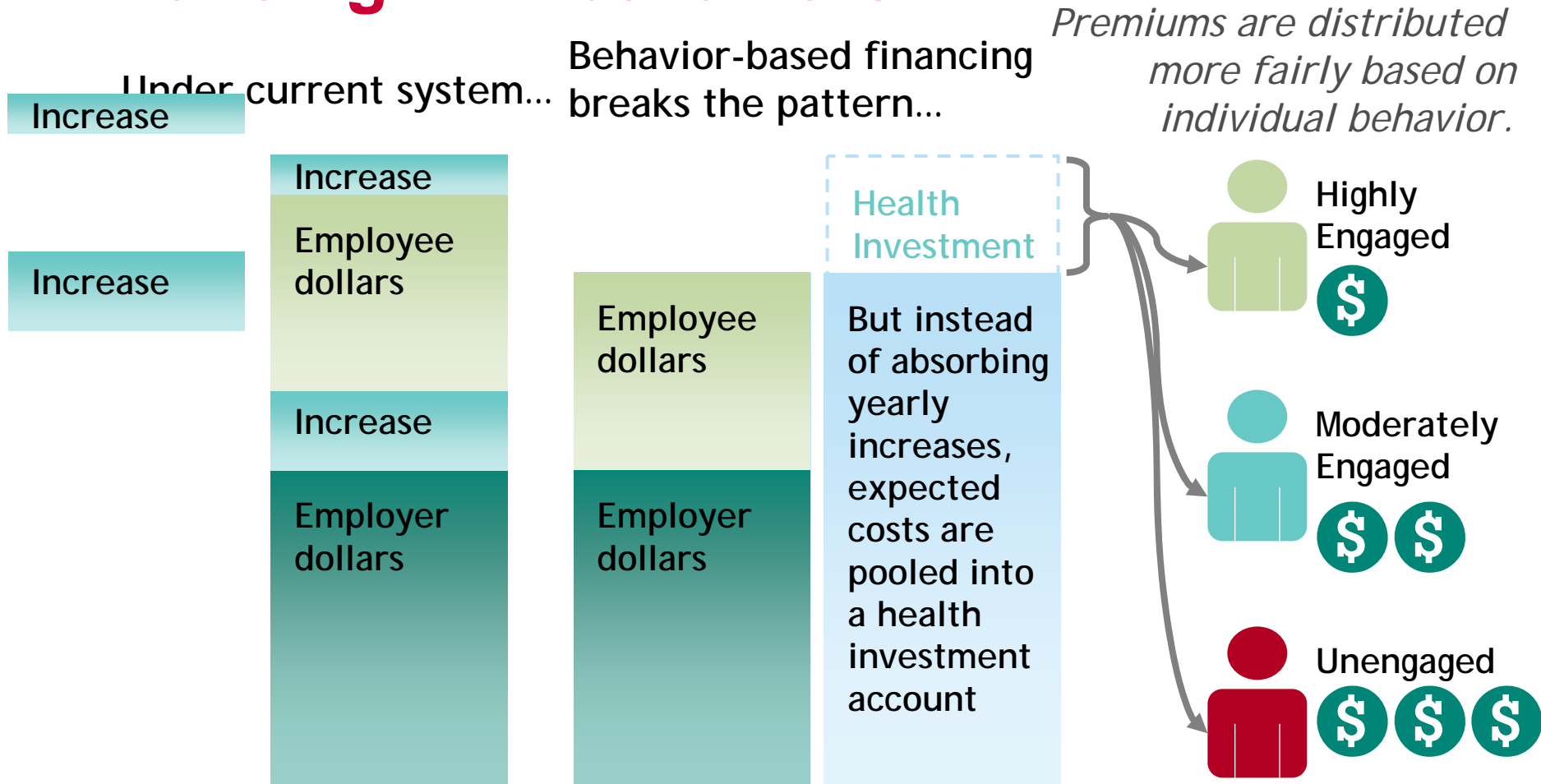
*Typically these increases are absorbed by employers or passed on through premium increases or plan design changes. **But neither option addresses the primary cause - behaviors.** This system does not treat individuals fairly.*

*Regardless of behavior, everyone pays equally for increasing premiums.*





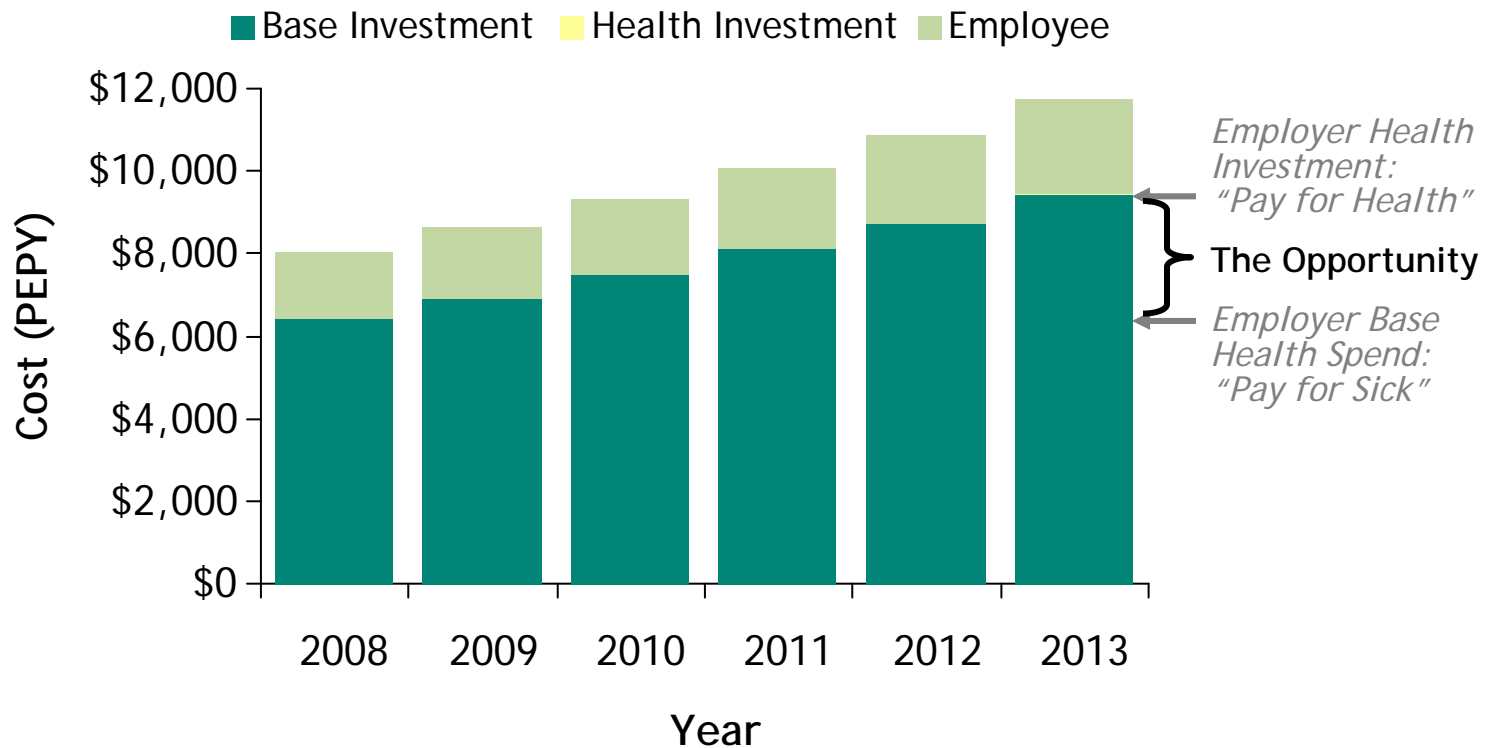
# A more equitable, effective system aligns financing with behaviors



# Solution – transform financing to pay for health

## Identify Appropriate Cost Share

Yellow portion is contingent on employee engaging with their Personal HealthMap<sup>SM</sup>



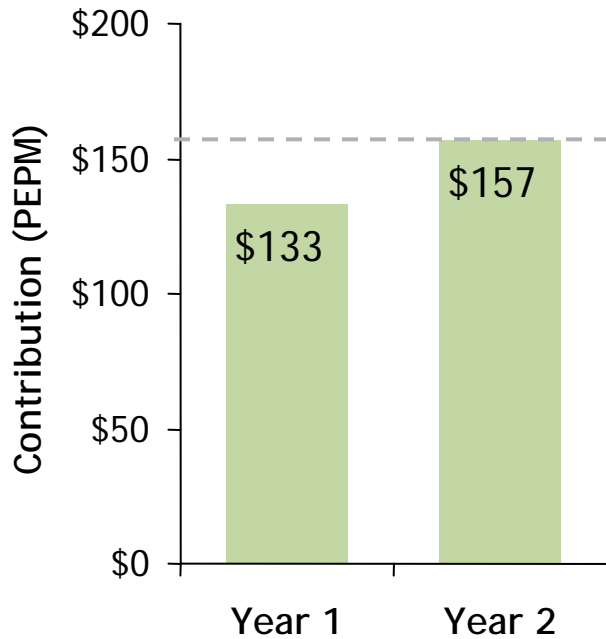
Notes:  
10,000 employees; \$8,000 total health spend (2008); 80% / 20% current contribution split; 8% trend.

# Incentive approach aligns rewards to achieve outcomes

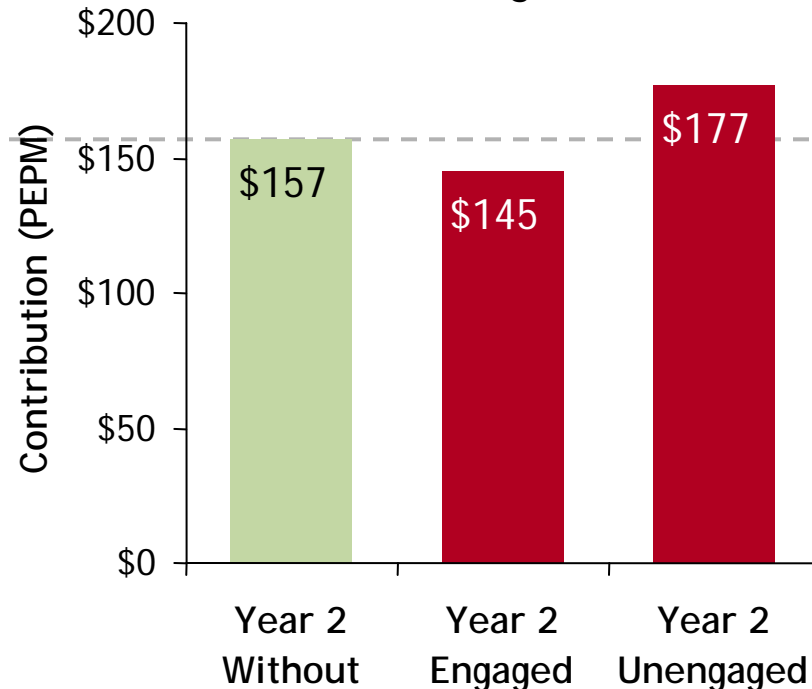
PHASE	<p>I. "Get to Know You" <i>Awareness and Education</i></p>	<p>II. "Get Going" <i>Action and Behavior Change</i></p>
FEATURES	<p>Participants Complete All Three: Health Screening Health Assessment Online Profile</p>	<p>Participants Engage in Health Programs: Preventive Care Health Programs</p>
TYPE AND AMOUNT	<p>Earn: \$100</p>	<p>Preventive: \$25      Programs: \$300 / \$75 Per QTR</p>

# Comparison of monthly contribution impact to consumers

Contribution Impact *Without* Behavior-Based Financing



Contribution Impact *With* Behavior-Based Financing

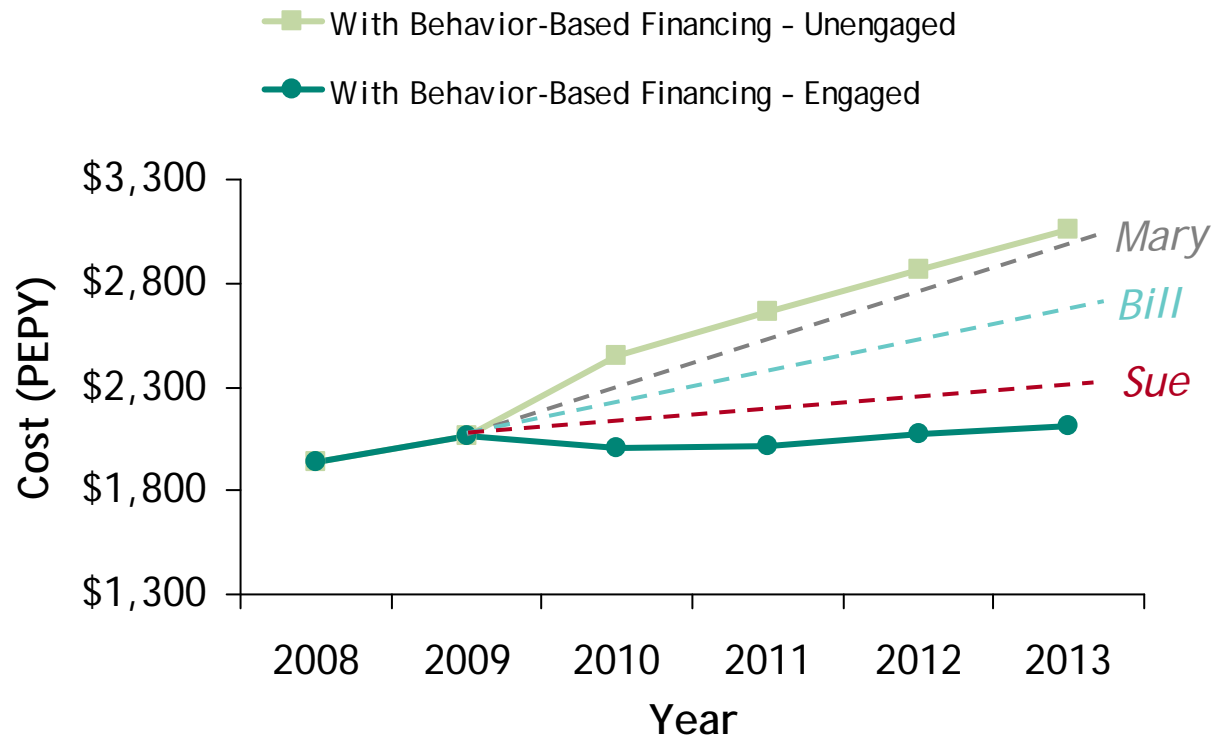


*With behavior-based financing, engaged consumers earn incentives to offset premium increases.*

**Notes:**  
 10,000 employees; \$8,000 total health spend (2008); 80% / 20% current contribution split;  
 8% trend; first-year health budget increase of 8%; 5% first-year base health spend allowance.

# RedBrick Health solution rewards employees more equitably

## Employee 5-Year Composite Cost Analysis



Notes: 3,741 employees; \$7,752 total health spend (2008); 75% / 25% current contribution split; 5% trend





**STEP 2:  
MAKE IT EASY TO ENGAGE**

# Making it easy for individuals to engage

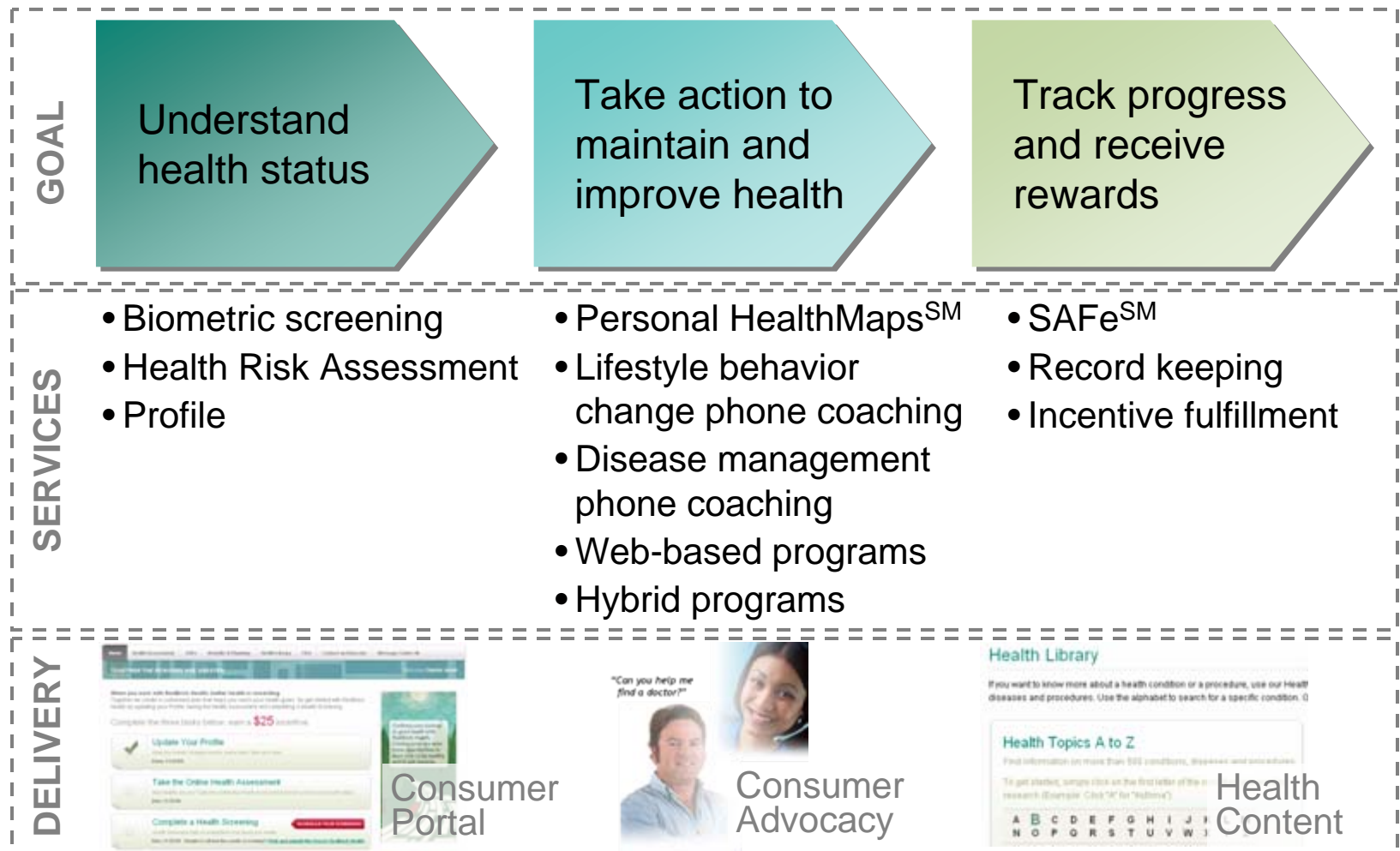


Understand  
health status

Take action to  
maintain and  
improve health

Track progress  
and receive  
rewards

# Approach designed to best meet individual needs



Prepared for: Alice

As of: April 15, 2009

## My Health Score

My Health Score: **465**

Total Potential Score: **800**

My Health Rating:  **Poor**



### What does my score tell me?

Your Health Score is created from the answers you gave on your Health Assessment Questionnaire. More points means better health. This *Personal HealthMap* will help you improve your score.

## \$\$\$ Earn Money for Participating

You can earn incentives for participating in healthy activities.

### Here is What You've Earned or Can Earn

- Congratulations! You earned \$500 for providing your Biometric Health Screening information.
- Congratulations! You earned \$500 for completing your Personal Profile and a Health Assessment Questionnaire.

## My Health Screening Results

The results shown here are based on the health screening results we received on January 21, 2009.

Metric	Normal Range	My Value	At Risk?
Body Mass Index (BMI)	<25	35	Yes
Blood Pressure	<120 / 80	120 / 78	No
Blood Sugar (Glucose)	<100	125	Yes
Total Cholesterol	<200	210	Yes
Good Cholesterol (HDL)	>=40	50	No
Bad Cholesterol (LDL)	<100	110	Yes
Ratio of Good to Total	<3.5	4.2	Yes
Triglyceride	<150	140	No

## My Recommended Care

We've identified the following health concerns:

- Diabetes
- Overweight

### Get Your Preventive Care

Getting your preventive care is an important part of better health. Discuss these recommended preventive care tests and exams with your doctor at your next appointment:

- Pap Smear and Clinical Breast Exam
- A1c Test, Two Times per Year
- Eye Exam (Diabetic Retinal)
- Annual Urine Protein Check

## My Health Programs

The program(s) below are paid for by your employer and can help you to be healthier. Call us to learn more.

**Balancing Life with Diabetes**  Not enrolled.  
A Health Coach will work with you over the phone to help you manage Type I or Type II diabetes.

**Healthy Lifestyles, Healthy Weight**  Not enrolled.  
A Health Coach will work with you over the phone to help you lose weight and keep the weight off.

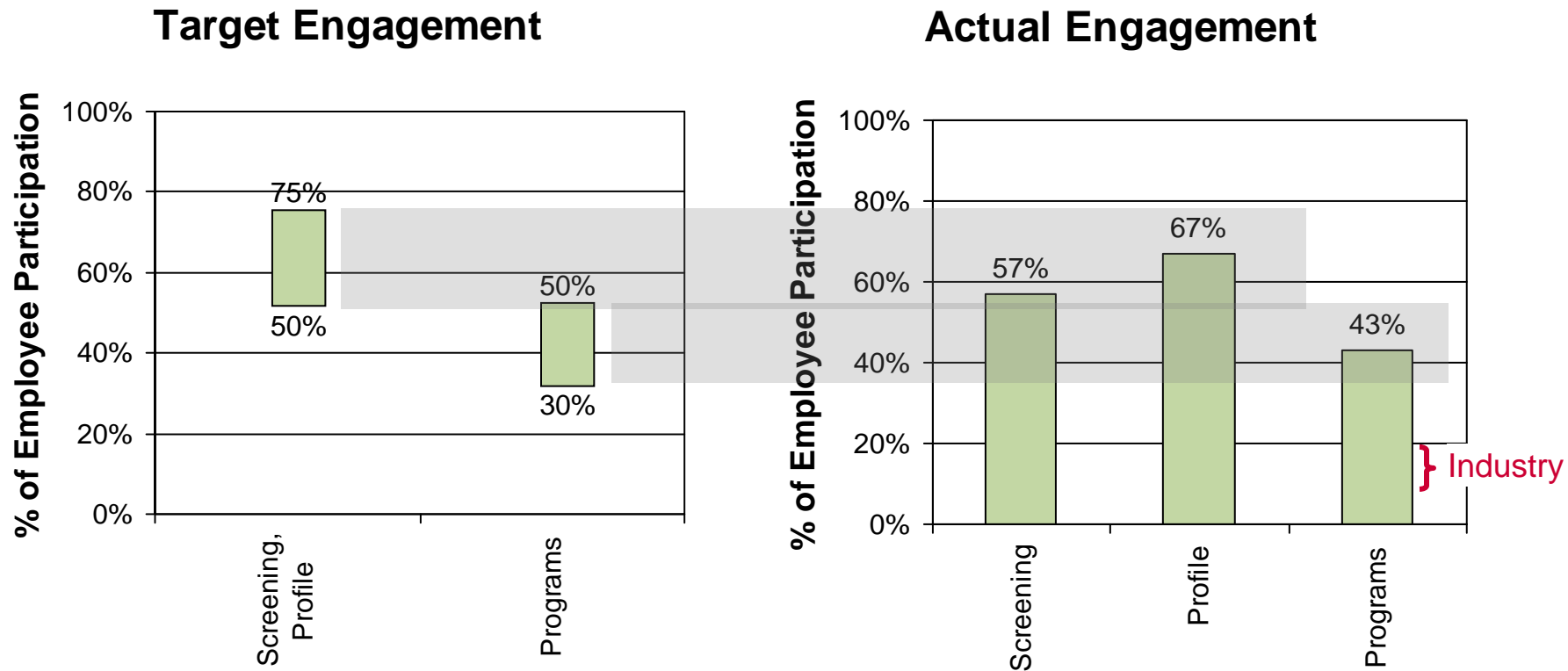
**10,000 Steps®**  Not enrolled.  
Join the 10,000 Steps program and receive a pedometer to measure every step you take. It's a fun and easy way to increase your physical activity and improve your health.

## Contact a RedBrick Health Advocate to Get Started

If you have questions or want to learn more, call RedBrick Health at (877) 445-9355, Monday–Friday, 8:00am–9:00pm ET, or sign in to our web site at [www.redbrickhealth.com](http://www.redbrickhealth.com) 24 hours a day.

*Personal HealthMap is a tool to help you manage your health. It should not replace the care or recommendations your doctor provides.*

# Early results of behavior-based financing



**Notes:**  
Actual engagement represents year-to-date book-of-business results through July 2008.





# CONCLUSION