



Consumer-Driven Health Plans

The Emergence & Differentiation
of Consumer-Driven Health Plans

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The Consumer-Driven Health Plan Philosophy

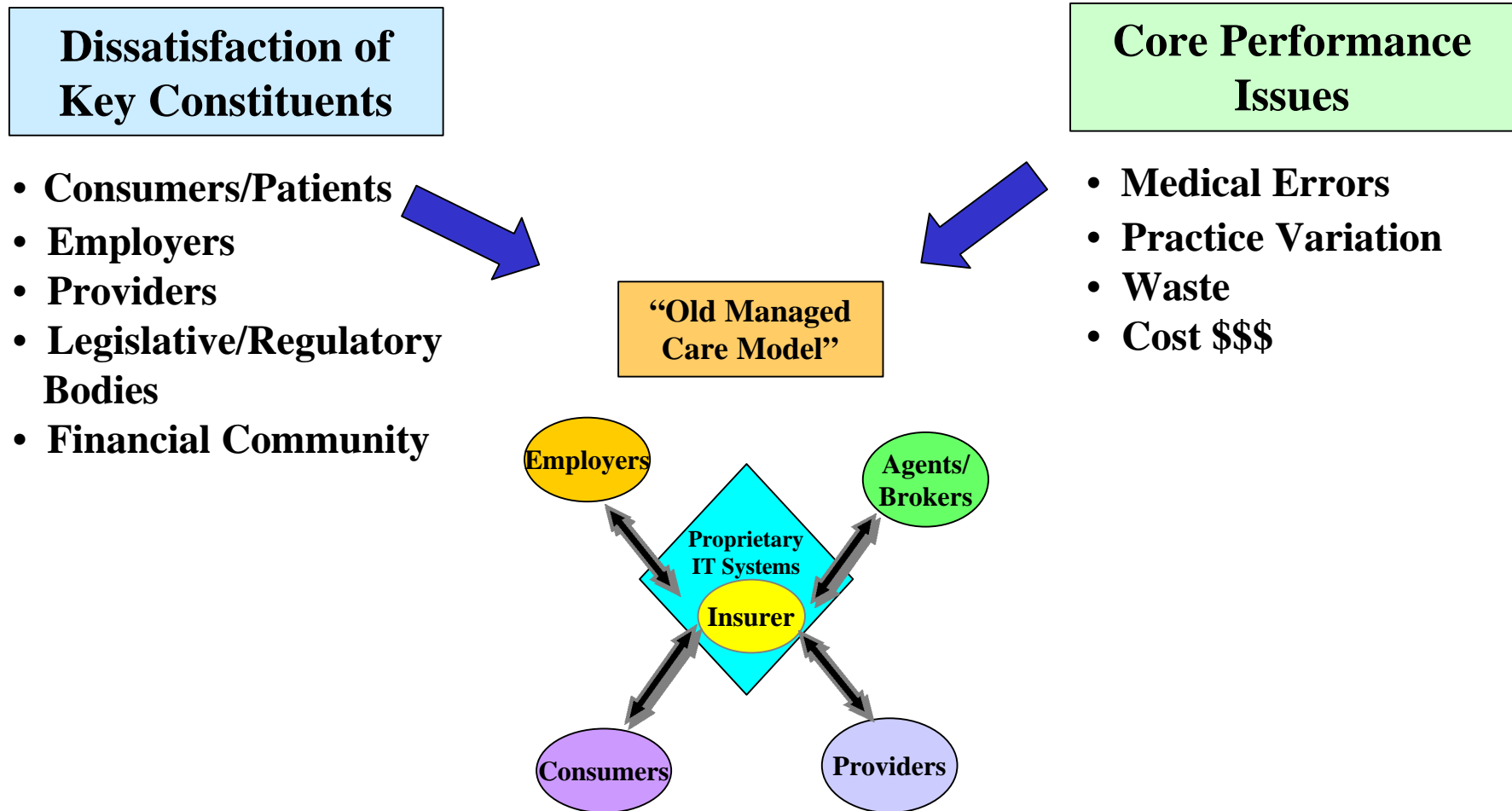
Managed care doesn't meet consumer, employer or provider needs or expectations. We must change the system through shared technology that enhances performance, drives down costs, and empowers all participants. Health Plans that combine stability and scale with innovation can make this change real.

Overview

- **Changing the System**
 - *What Are The Problems/Opportunities?*
- **The Vision and the Payoffs**
 - *The “Synergy Triangle” and Key Strategic Elements*
- **The Process**
 - *Multi-Generational Health Plan Evolution*
- **Getting To The Future First**
 - *Consumer Driven Health Plans*

Changing the System

The “Old Managed Care Model” Does Little to Address Satisfaction/Core Performance Issues



The Vision: The “Synergy Triangle”

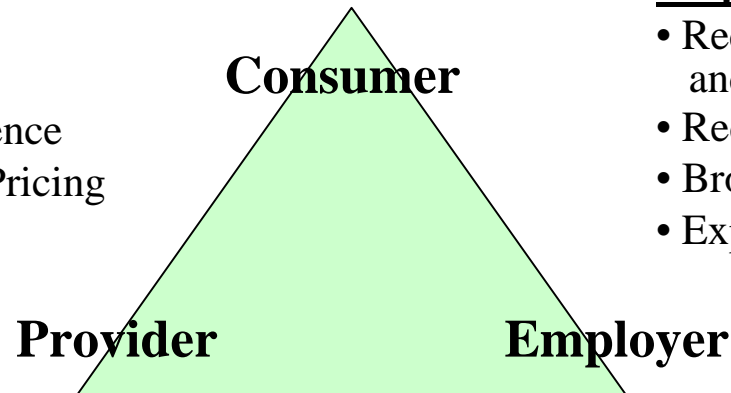
Technology Can Now Empower and Connect Everyone,
Creating a Powerful New Synergy

Consumers

- Choice
- Information
- Tools
- Less Interference
- Transparent Pricing

Employers

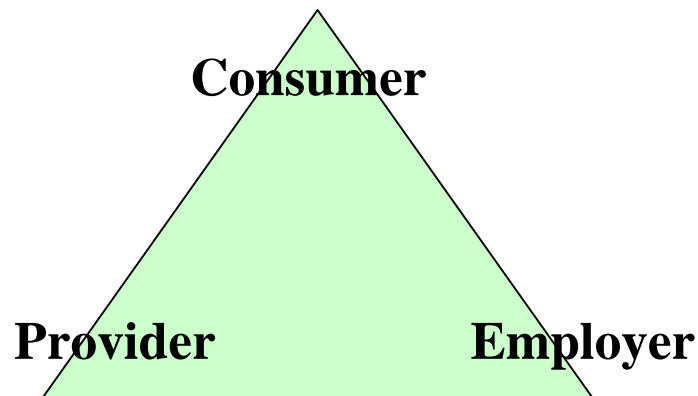
- Reduced Administrative Costs and Hassles
- Reduced Medical Costs
- Broader Health Plan Selection
- Expanded “Ad Hoc” Reporting



Providers

- Automated
 - *Patient Eligibility*
 - *Benefits Coverage*
 - *Claims Status*
- Decreased Administrative Hassles
- Real Time
 - *Claim Payments*
 - *Alerts*

The Vision: Key Strategic Elements



Consumer Centric Strategy

- Empowered Consumers

Market Responsive Strategy

- Generate Powerful Benefits for Outstanding Providers/Employers

“Connected” Technology Strategy

- *WebEnabled/Digital* Infrastructure Capabilities

The Vision: Consumer Centric Strategy

Empowered Consumers Will Drive Change:

- *Informed:* Just-in-time information
- *Trained:* How to use the new tools
- *Engaged:* Financial incentives to purchase based on value

The Vision: Market Responsive Strategy

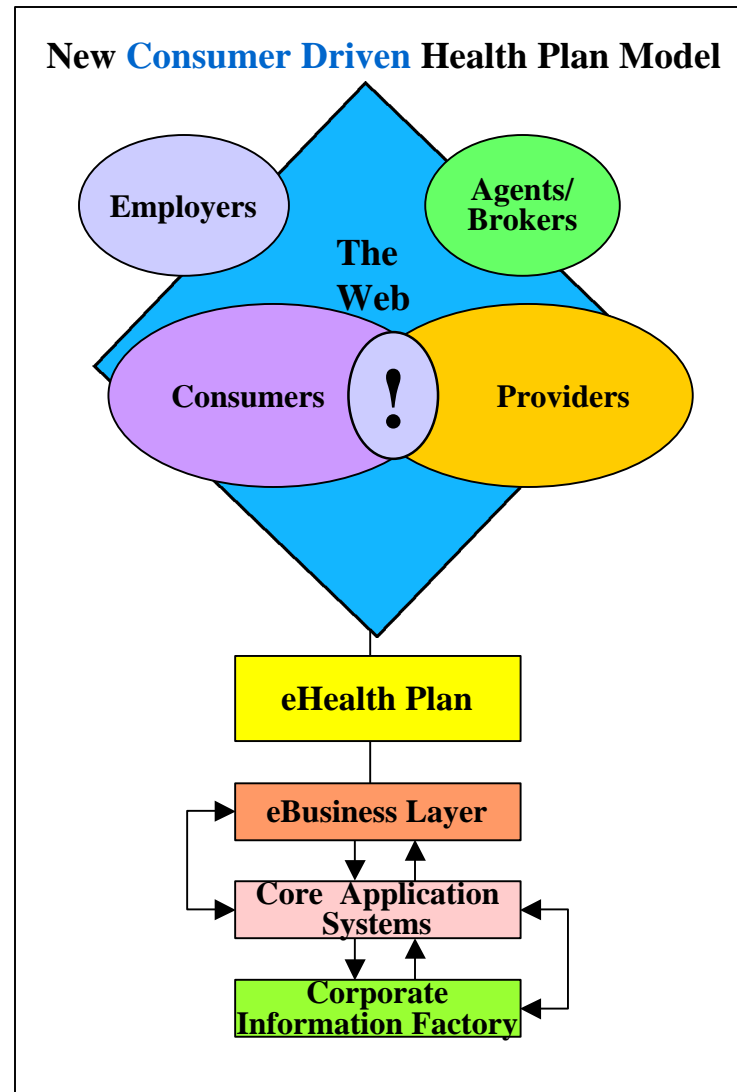
Rewarding Excellent Providers and Committed Employers by:

- **Understanding that Every Market is Unique**
- **Crafting Market Based Partnerships that Link Excellent Providers and Innovative, Action-Oriented Employers**
- **Attaining Critical Mass Through Consumer, Provider & Employer Participation**

The Vision: Connected Technology Strategy

Utilizing *WebEnabled/Digital* Infrastructure Capabilities to:

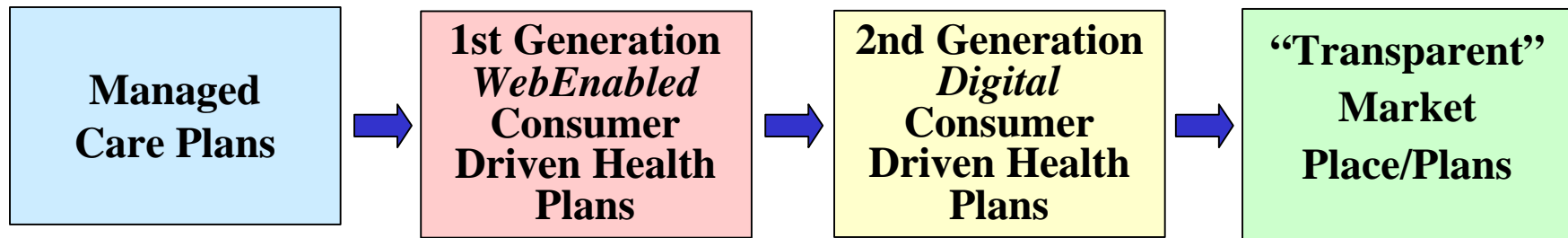
Connect the Empowered Consumers and High Performance Providers



The Process: Multi-Generational Health Plans Evolve

Requires

- **Multi-Year Commitment to the Market**
- **Critical Mass**
- **Participation of Providers**
- **Each Stage Lays Foundation for Next**



The Short-Term Payoff: Reduced Administrative Costs

***WebEnabled/Digital* Consumer Driven Health Plans Attack “Administrative Costs” - 12 to 24 Months**

- **“Clean” Electronic Claims Submission**
- **Less Complex Network Administration**
- **Other Savings**
 - **IVR Requirements Reduced: Premium Decrease**
 - **Printing/Paper Costs Reduced: Premium Decrease**
- **Benefit Design Shifts More Choice/Cost to Employee: Variable Premium Decrease**

The Long-Term Payoff: Reduced Medical Expense

***WebEnabled/Digital* Consumer Driven Health Plans
Attack the “Medical Loss Ratio” Through Consumer
Centric Care - 24 to 48 Months**

- **Consumer Centric Care Reduces Utilization of Top 20% of Patients**
- **Other Savings**
 - **Volume of Services When Patients Migrate to More Effective Providers**
 - **Self Care Incentive Programs/High Cost Patients**
 - **Medication/Compliance Programs**
 - **Changes of Provider Practice Secondary to Feedback Mechanisms**
 - **Drug Safety Edits**

Getting to the Future First

WebEnabled Consumer Driven Health Plan Example

Humana/ChoiceCare Health Plans

“Live Internet
Demonstration”



- HMO, HMO-POS
- 150+ eApplications – Launched 10/2000
- First Automated/Real-time Transactions
 - ID Card request & PCP Change
 - Claims, eligibility, benefit verification
 - 80% of MD/Hospital claims submitted electronically in Cincinnati
- Increased Functionality & Expanded Consumer, Provider & Employer Portals
 - Search Capability, E-billing
- Expanded Content
 - Wellness, Newsletters, Policies & Procedures
 - Administrative Manuals, Certificates of Coverage (SPDs)

Getting to the Future First

Digital Consumer Driven Health Plans Example

Humana Emphesys Health Plans



- **ePPO Products**
- **200-500 eApplications**
- **Most Transactions Automated & Real-Time**
- **Access & Functionality for all portals**
- **More Complicated Transactions**
 - **Bill Payment, Claims Adjudication**
- **Expanded Content**
 - **Personal Health Record, Pre-Determination of Benefits, On-line Guides, Expanded Benefit & Plan Information**
- **Expanded Adoption**
 - **Member and Provider Functionality Expanded**
- **Transparent “Universal” Network**

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- **Each Stage Is Foundation for Next**

