

# Consumer Driven Healthcare

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## Consumer tools

### Beyond plan design: BCBSIL, TriZetto collaboration focuses on delivering timely, targeted information

Traditional health plans are increasingly turning to consumerist tools pioneered by CDHPs. Although the plan design may be different, the goal is the same—find ways to actively involve members in their own healthcare choices, turning them from passive patients into engaged consumers.

Among the traditional carriers embracing such consumerist approaches is Blue Cross and Blue Shield of Illinois (BCBSIL), based in Chicago. **Stan Borg, MD**, chief medical officer at BCBSIL, is a champion of healthcare consumerism and doesn't believe that it should be limited by plan design. As part of that philosophy, BCBSIL contracted with the TriZetto Group in Newport Beach, CA, to launch TriZetto's Personal CareAdvance solutions three years ago.

After an initial pilot, the first application went live in September 2003 with the launch of Blue Edge, BCBSIL's CDHP. The program, which BCBSIL later expanded to other Personal CareAdvance products, delivers personalized information to members and has resulted in a more educated membership and more effective use of healthcare, says Borg.

Perhaps most significantly for the short term, more members are logging on and using the decision-support tools throughout the year, not just during the open enrollment period. Across employers, member use of tools had been 2%–5%, but in some targeted efforts, member engagement has reached as high as 50%, Borg says.

Accomplishing this involves both technological and behavioral strategies. Borg and **Roy Schoenberg, MD**, chief Internet solutions officer at TriZetto, share their insights with **Consumer Driven Healthcare**.

## Inside This Month...

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## Start with the basics

The basic tools that BCBSIL deploys will sound familiar. There's no secret that will transform members into consumers.

The centerpiece is the Personal Health Manager, which provides access to data about each member's health, including diagnostic data, pharmacy information, and lab values—trackers that help people understand their own health status and motivate them to act, says Borg. Through the Personal Health Manager, members can manage a variety of tasks. For example, they can complete a health risk assessment, set up a personal health record, receive e-mails with targeted wellness information, or set up reminders about medical appointments and prescription refills.

It's also a portal to the following tools:

- **Ask a nurse/trainer/dietitian** lets members interact with a professional and get answers to their specific questions. Borg says this is by far the most popular tool, suggesting that members value interaction over passively receiving information.
- **Hospital quality comparison data** helps members compare facilities. Currently, claims data alone is insufficient

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simple text and, where appropriate, explanatory graphics in standard HTML format.

5. Don't use multisyllable words and medical jargon. Keep materials between third- and fifth-grade levels where possible, and never higher than eighth grade. Test copy to determine its grade level. Simple tests include the Fry Readability Formula, Flesch-Kincaid Grade Level Formula—available as a utility in Microsoft Word, although there is controversy regarding its accuracy—and SMOG (simple measure of gobbledygook).
6. Home pages that are densely packed with graphics or text, which, although attempting to help low-literate readers, actually present multiple barriers to users' goals of getting information. Visitors want to find their information quickly, so categorize information into easy-to-find clusters.
7. Not using clearly labeled, easy-to-identify hyperlinks is another common mistake. Blue-highlighted, clearly identified words in a block of text, particularly those using such indicators as "Click here," are easier to use than random words or graphic links that require the user to click on pictures to navigate to information.
8. Don't require visitors to type precise information into a search engine or enter a specific URL in order to get to the information they need. Once visitors reach your site, keep navigation to a minimum by providing easy-to-follow links. Rather than a search engine, provide short lists of commonly accessed information. Use frequently

asked questions to provide information.

9. Some sites lack authoritative information for visitors. Present only information that is verifiable and claims that can be supported by research.
10. Pop-up windows can confuse visitors. Stay consistent with whether a link takes visitors to that page within the current window or launches a newer window. Many computers have pop-up blockers that prevent additional windows from opening. Use visual cues to remind visitors where they are in terms of hierarchy (e.g., page 2 of 3). Provide a simple, highly visible way to get back to the results list or home page.

### Plans must adjust

Health literacy is a constant challenge for health plans and an issue on which the industry needs to spend more time and focus, says **Stan Borg, MD**, chief medical officer at Chicago-based Blue Cross and Blue Shield of Illinois.

"Locating a physician, providing an accurate medical history and access to timely preventive services, and understanding medication directions are the struggles for someone with limited health literacy," he says.

Addressing these issues is critical to the future of consumers, he says. "In the ever-changing landscape of American demographics, consumerism will require the healthcare industry to respond with services that reflect the age, cultural, and ethnic diversity of the people we serve." ♦

## Consumers lose money to HSA fees, report finds

*Vimo report urges more transparency, competition*

Lack of transparency and competition in the HSA market means that some consumers are losing money on their HSAs. Those who don't shop carefully—or perhaps don't know what they want from an HSA—may pay more in fees than they earn in interest, according to a report from Vimo (formerly Healthia), a Mountain View, CA-based comparison-shopping site.

The *Vimo Rankings Report* ranks the least expensive HSAs as well as those with the highest return, and addresses the disparities and opacity in the HSA market.

In some ways, these issues parallel those in the healthcare market, with concerns emerging about competition, transparency, and consumer choice.

Vimo found that on an account balance of \$2,500, the average annual cost of an HSA is \$84 and the average annual return (from interest) is \$48.50. A consumer with this "average" HSA would actually lose \$35.50 a year (excluding any benefit from the tax-advantaged aspect of an HSA).

"We expected the average return to be low. But even we were surprised to see that for the average HSA's published interest rates and fees, the cumulative return is negative," says the report's editor, **Kurt Stammberger**, vice president

of content and services at Vimo. The study found no correlation between high fees and high returns.

The study reveals that shopping around pays off. The optimal HSA custodial offering in the study costs \$12 per year and provides a return of \$125 on the same \$2,500 balance.

### Opacity and confusion

Contrary to CDH's emphasis on transparency and engagement, the report found widespread opacity among HSA custodians. There are no standard fee-disclosure notices—as with credit cards—attached to HSAs. Additionally, product and fee data on particular HSA products are quite often poorly disclosed on Web sites and marketing materials, say Stammberger and **Tom Cochrane**, executive director at Vimo.

Accordingly, many custodians don't disclose the full range of fees. If they do, they provide inadequate explanations, "making side-by-side product comparisons fiendishly difficult," the report says.

With such widespread opacity, there's not much competition among the custodians. One reason, Stammberger and

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Cochrane suggest, is because many of the current custodians are players in other consumer financial services categories, and that's a highly opaque industry.

But it's not just unsophisticated consumers who have difficulty finding information. Stammberger and Cochrane were surprised at how much trouble they had obtaining even basic product information from many of the custodians.

**Consumer choice**

However, things are becoming clearer. Many consumer advocacy organizations compile and disseminate price and return information.

In the individual market, eHealthInsurance provides visitors with a side-by-side comparison of both fees and interest rates, says **Robert S. Hurley**, vice president of strategic initiatives at eHealthInsurance in Mountain View, CA. He knows of one custodian that has already lowered its pricing because of competition.

"I believe the market will continue to adjust to the demands of the consumers, and the consumers will direct their funds to the banks offering the best value," Hurley says. "Transparency around the bank options will be very important for this to happen."

Stammberger and Cochrane agree, adding that transparency should drive competition, better rates of return, and lower fees.

The HSA industry may not yet be truly competitive, but consumers do have a choice. Technically, an individual can choose any HSA in the country. He or she isn't bound to the one that the employer selects, say Stammberger and Cochrane. But sometimes, HDHPs are so tightly integrated with a particular HSA that it can make the combination especially convenient or compelling.

For example, United Health and Exante are launching a single membership/debit card that accesses both the HDHP and HSA. Some employers may also have special arrangements with custodians that offer an incentive for the employee to use a particular bank, says Hurley.

**The rankings**

Vimo's rankings are based on a sample of the top 84 HSA custodians for which data could be verified, which represents about one-third of the U.S. market, according to Vimo.

The five HSA offerings that offer the highest interest rates in the country on typical account balances of \$2,500 are

- Patelco Credit Union—5%
- Exante Bank—4%
- Home State Bank—3.44%
- National City Bank—3.375%
- Bank of Cashton—3.01%

*Note:* Some HSA custodians offer other investment options, but this report looked at savings accounts. A future study will cover other investment options.

There was a seven-way tie for least expensive between American Chartered Bank, Assurant Health, Black Hawk Bank, First American Bank, Gilmore Bank, Heartland Bank, and Keystone Bank.

Vimo determined the least expensive designation by looking at five cost categories—annual fees, account set-up fees, monthly account maintenance fees, transaction fees, and account closing fees. None of the least expensive HSAs charge these fees to consumers.

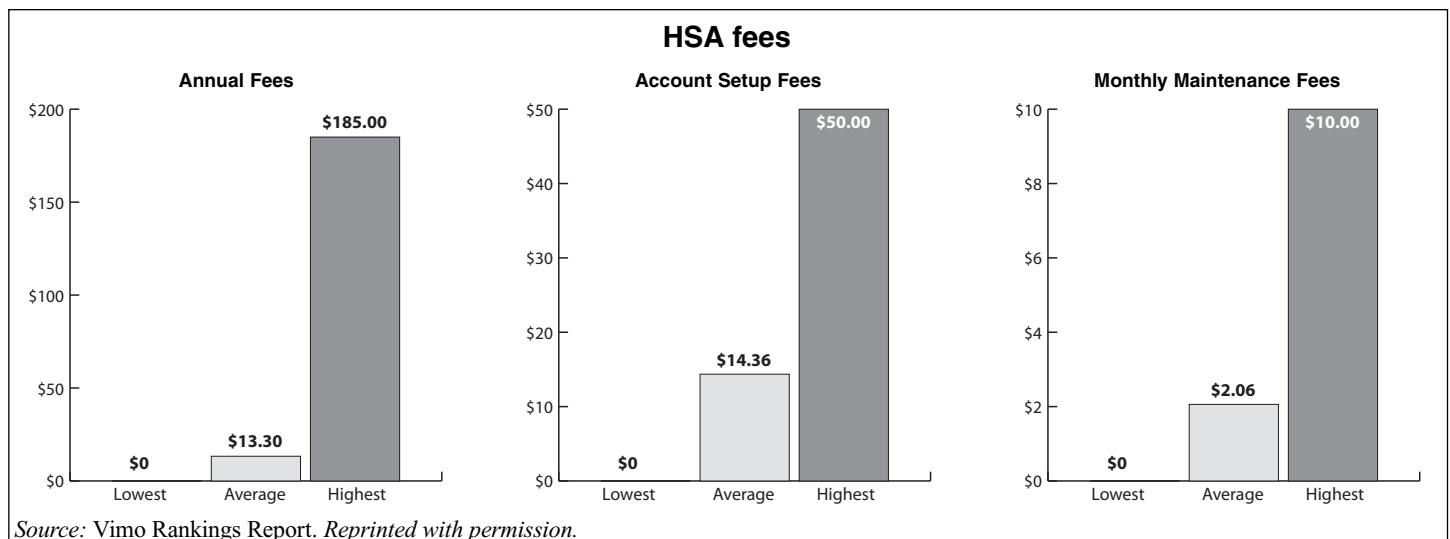
**Dramatic disparity**

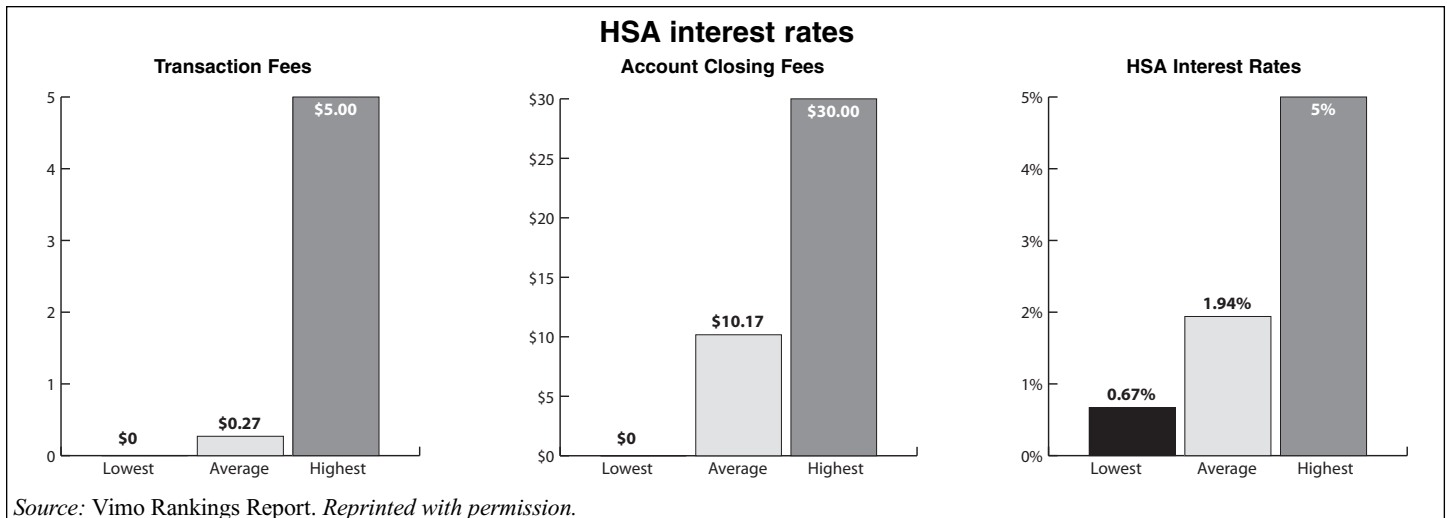
The report found wide variations among the fees that HSA banks charge, and the scope of the disparity came as a surprise to Stammberger and Cochrane.

Several custodians impose no annual fees and the highest fee was \$185 per year. The average fee was \$13.30. Account set-up fees range from \$0–\$50 (see "HSA fees" below and "HSA interest rates" on p. 127).

Likewise, interest rates varied dramatically, from less than 1% to 5%.

Just looking at a price doesn't necessarily provide the complete picture, the report says. Higher fee structures appear to be correlated to higher service levels and qualita-





tive data wasn't factored into this report.

Cochrane points out that some HSA custodians are able to keep their fees low because they provide relatively few extra services. The tradeoff between price and services may be different for each consumer.

### Different consumers, different needs

Different people need different HSAs. Some spend their entire HSA every year, whereas others will save it and use after-tax dollars for routine medical expenses. Many do both.

It's the savers, not the spenders, who need to be most concerned with the study's results, say Stammberger and Cochrane. For some spenders, service level may be more important, which means that fees can justifiably be higher. In fact, there are several higher-cost, high-touch providers (e.g., Health Equity), but right now there is a clear need in the HSA custodian space for a low-cost, low-frills provider: a Wal-Mart or Southwest Airlines of the custodial world, say Cochrane and Stammberger.

*Note:* Future Vimo reports will address qualitative/service aspects.

Nevertheless, they draw a comparison with the mutual fund industry. Most consumers are worse off if they invest in high-cost, actively managed funds than they would be investing in a low-cost, plain-vanilla index fund.

### Impact on CDH

Cost matters, and the financial services industry seems to be good at clouding that message, the Vimo report suggests. That will not be helpful in promoting CDHPs.

The CDH movement is still new and many folks are interested in making sure that the movement never gains traction, say Stammberger and Cochrane.

Therefore, the industry needs to approach CDH from the standpoint of strong consumer advocacy. Price transparency and plan disclosure are crucial parts of embracing that advocacy. Employers, insurers, and other stakeholders all have a role, Hurley says. "We all need to continue to help individuals and families to understand how HSAs work, and how they can take advantage of this new financial tool to help them manage their healthcare sourcing."

Hurley is optimistic. HSAs are relatively new products, and vendors continue to watch how customers use their accounts so they can adjust their price points accordingly.

"If anything, this demonstrates the importance of transparency and competition in this emerging market," he says. "Consumers will demand value, and institutions offering HSAs will respond to that demand over time as they compete for market share." ♦

*Editor's note:* To download the Vimo Rankings Report, go to [www.vimo.com/reports/hsarankings.pdf](http://www.vimo.com/reports/hsarankings.pdf).

## The good, the bad, and the hopeful: New reports offer varying insights and conclusions on CDH

It's too soon to draw any firm conclusions about the continued viability of consumer-driven healthcare, and several recent reports demonstrate why.

Findings related to satisfaction, adverse selection, impact on consumer health, and other CDH issues vary, sometimes widely.

What these various studies *do* reveal is a need for transparency and consumer engagement.

### BCBSA: Broad distribution, greater satisfaction

Challenging the notion that HSAs are for the young, healthy, and affluent, a new study from the Chicago-based Blue Cross and Blue Shield Association (BCBSA) finds the popularity of HSAs to be equally distributed across consumers aged 25–54, with demand also coming from all income and education segments of the population.

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