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SHPS Makes Consumerism Work for You

**Wellness
Success
with CDHC
Programs**

**Empowering
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**Incentive's
Role in CDHC**

Kay Cooke
*Director of Corporation Benefits,
Worthington Industries*
*Plan participation rose
6 percent after CDHC options
became available*

Photo by Greg Sailor

SHPS Makes Consumerism Work for You

BY KARON WARREN

In the ever-evolving consumer-directed health care arena, today's employers are faced with finding solutions that effectively—and easily—bring together all its needs in one comprehensive package. These needs include eligibility requirements, flexible savings accounts, health savings accounts, health reimbursement accounts, COBRA and more. One company that maintains a firm grip on these and other related benefits solutions is SHPS, a Louisville, Ky.-based company.

When it comes to addressing CDHC solutions, SHPS focuses on health care consumerism. Simply put, for SHPS, health care consumerism “is a set of enabling tools that allow individuals to take greater responsibility for their health care and to better manage their own care,” said Chris Ryan, SHPS chief strategy and marketing officer. “From our standpoint, consumerism includes assistance with clinical intervention that includes financial intervention. It may include administration pieces as well. It has to be a single, integrated program where you're pulling together case management services, financial incentives, the overall plan design, health advocacy and decision tools, bringing them all together in one place for consumers so that they can successfully manage their health and navigate their health care system.”

HOW CONSUMERISM BENEFITS EMPLOYERS

Ryan believes health care consumerism is relevant to employers for several reasons. First, it will save employers valuable health care dollars. “Employers who effectively design and implement a long-term health care consumer strategy for their employees are able to save a substantial amount of money on health care relative to employers who don't,” he said.

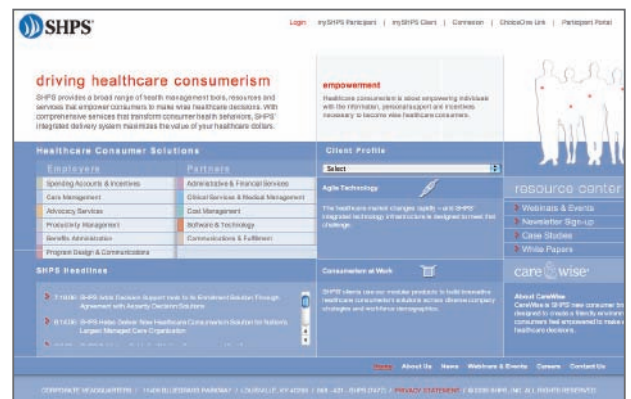
Second, by following a well-executed health care solution, employers can keep their health care costs in line with inflation. Right now, the average trend for health care

costs increases has been between 9 percent and 11 percent. “Those employers who we see using best practices in the management of health care are experiencing somewhere between 3 percent and 5 percent increases in health care, closer in line with inflation,” Ryan said.

Third, maintaining effective health care solutions for employees, and involving those employees in the process, results in more workers in better health. “Companies who are doing this and doing it well are developing a significant competitive edge,” Ryan said. “Not only do their employees cost less, but a healthier workforce is

arguably a more high-performing workforce as well.”

Fourth, consumerism streamlines health care management. “In the past, companies typically would go out and they would find one vendor who would do their COBRA and somebody else would do their FSA, and maybe they'd get a carrier and they'd offer five or six carrier plans,” Ryan said. “And then they would hire somebody else to do communication, and somebody else to do eligibility and enrollment administration, and on and on. What you've got now is this big hodgepodge that's very hard to administer, and where employees really



don't have any clear sense of how their benefits are administered or how they work. In the consumerism model, you really need the integrated approach where everything is pulled together and everything is measured together."

This integrated approach also helps provide the necessary information to determine if the solution is working for your company. "You're asking yourself, 'Is my workforce getting healthier or less healthy? Are they becoming more aware of health issues or not? How much more are we spending year to year? What is the likely predicted trend in years to come?'" Ryan said. "All of that is critical information and really needs to be a part of what we describe as a consumerism solution. So, on the one hand you're empowering the employee, the consumer, but, at the same time, you're empowering the employer by giving them tools to better manage the total population."

PUTTING CONSUMERISM TO WORK

So, how do you implement health care consumerism for your company and employees? Well, that depends on your company and your workforce. "There are a number of different ways to implement it that will work well depending on who your workforce is and what your business model is," Ryan said. For example, he said, if you are a fashion retailer and 70 percent of your workforce is female between the ages of 25 and 35, your health programs are going to look very different than if you're talking about a steel mill where the average age is 45 and it's 80 percent male. "And, in each case, you're going to want to use different strategies," he said. "So companies typically will come to us with a specific problem and then we will often broaden the discussion with them."

For clients interested in talking with SHPS regarding a health care consumerism solution, Jeff Lanzet, executive vice president of consumer-driven benefits solutions for SHPS, advises them to bring the answers to the following questions: What are you looking to do? Reduce health care costs? Shift costs? Do you want to make employees healthier? What type of work population do you have? How long do people generally work for you? How do they interact with other workers? How do they perceive their benefits? How do they come to use them?

The answers to these questions give SHPS a good starting point in discussing viable consumerism solutions.

SHPS offers a variety of services to help its customers customize their own consumerism solution. "SHPS essentially offers all of the services that a large carrier could offer to an employer with a couple of exceptions," Ryan said. "We do not underwrite. We don't manage health claims, and we don't manage a health network, but everything else from enrollment, eligibility, decision tools, spending account managements, a full range of care management programs—which includes disease management, case management, etc.—we can package it all together for a client as a single integrated program. And then the client is able to go out and shop for the lowest cost, the most competitive health network and health coverage that they would like to purchase. So we are essentially a carrier-independent solution."

Ryan said this is particularly effective for larger employers, especially those with 10,000 employees and more. "They don't have to lock themselves into working with a single carrier and they can continue to swap in or swap out health networks to get the best rates, but they have the continuity of a single set-up program," he said.

Although SHPS has a lot of these larger employees, that's not its entire client base. "SHPS serves two different markets," Ryan said. "First, we provide services directly to employers. And in the employer market, we serve primarily the very large employer. Most of our clients are Fortune 1000, many are Fortune 50, household names. These are companies that we provide a range of services including disease management, health and wellness services, care management services, spending account administration, or other services. On the channel side, we provide a range of services to carriers, TPAs, government agencies and the like. In the case of carriers, it's a range of specialty services that they need in order to deliver consumerism services to their employees or to their customers. We also have a set of mid-market services for companies in the 1,000- to 10,000-employee range. So

for companies in that range, we can provide a full bundled enrollment and eligibility solution along with spending account administration, COBRA administration, and we can provide them even with a disease management solution."

ONE CLIENT'S EXPERIENCE

Worthington Industries in Columbus, Ohio, is one such mid-market company. Employing 8,200 worldwide with 6,500 domestic, Worthington Industries has worked with SHPS for the last six years with the last three including a health care consumerism solution. SHPS assists Worthington Industries with its benefits administration, including setting up an informational Web site during fall enrollment, providing choices regarding health care plans, dental, FSAs and supplemental life insurance.

Elements of the company's CDHC plan include a fund set up for employees with a maximum amount they can draw upon for health care expenses. Any unused amounts roll over from year to year. There are no deductibles and no co-insurance with this fund, plus there are preventive care benefits. If an employee uses up his or her fund allotment, then he or she pays for costs until their deductible is met. Once the deductible is met, costs are paid on an 80/20-percent plan. SHPS also administers FSAs for Worthington Industries' employees, who put their money in the account and then use a debit card for paying expenses from the account.

When the CDHC option was first offered, participation was at 5 percent. Right now, there is an 11-percent participation rate in the CDHC plan, and it's getting more and more attention, said Kay Cooke, director of corporation benefits for Worthington Industries.

Given the feedback she's received from employees involved in the CDHC plan, Cooke hopes to see that



rate increase during this year's fall enrollment. "The employees with it love it," she said. "It's fun to watch how people are working and paying attention. They're paying attention on how to coordinate their CDHC plan with their FSAs. They pay more attention to how they spend those dollars." This is especially important for a profit-sharing company such as Worthington Industries. "Our employees have a good understanding of how health care costs impact profits," Cooke said.

Working with SHPS and implementing a health care solution definitely was a good choice for Worthington Industries. "Without a doubt, it's showing the results Worthington Industries wanted," Cooke said. "Results from SHPS have been very successful from an administrative standpoint. It's nice to have it consolidated. From a consumer-driven standpoint, we have seen more and more

time, but this is the sort of thing where you need to develop an overall point of view around how you want to manage health benefits at your company." He also points out that the company's top echelon of executives must be behind this approach for it to work.

In addition, you have to make sure your human resources staff is well versed in the program and that the necessary tools are in place to educate employees. "Having the right decision support tools when you do the consumer program is absolutely critical," Ryan said. "On the one hand, you want consumers to be engaged, and on the other you want them to be empowered. Well, if you give them a high-deductible health plan, they're engaged, but if they have no decision tools, they're going to be very frustrated. On the other hand, if you give them a bunch of decision tools but they have no incentives to

needed to make those choices. It gives the opportunity to bridge the deductible gap to CDHC."

FUTURE OF CONSUMERISM

Ryan said SHPS has seen extraordinary growth in health care consumerism, especially in the last six months. Although he doesn't have a clear picture of where consumerism is headed, he does expect it to become an integral part of today's health care picture. "It's hard to predict how all of it will come out," he said. "It's possible the U.S. government may get involved in some way in health care. The bottom line is I think certain aspects of consumerism are here to stay, and one of them is assistance with chronic disease management. I think we're also going to see a very strong movement around the whole concept of 'right to know.'" Examples of this "right to know" refers to consumers' right to know who the best doctors are, who the best hospitals are, roughly how much their procedure is going to cost and what the probability of a complication is. "Those are all things that aren't going away," Ryan said.

For now, expect SHPS to be on the cutting-edge of providing health care consumerism solutions to its clients, something Ryan said sets his company apart from the competition. "First, there's no other company that we are aware of that—other than very, very large carriers—have the full suite of services that we do and can deliver them as we do," he said. "We have clinical, financial and administrative [services.] The second thing is our capabilities around health metrics are significant. I think a third advantage we have is our ability to work with very large entities, whether it's supporting a carrier or supporting an employer or government agency. I think the other thing is the breadth of our work gives us an insight into consumerism that nobody else really has. Another one is the technological platform on which our clinical capabilities are built. This is something that we just completed in the last year, and it's coming online, and it's now implemented for some of our clients."

Given the increasing presence of health care consumerism in the health care marketplace, making consumerism work for all employers is not an unrealistic goal for SHPS. "I think we're headed to the mainstream," Lanzet said. **CDHC**

Chris Ryan, chief strategy and marketing officer for SHPS, shares his key components for an effective health care consumerism solution:

1. If you're going to do it, you have to do it as a total strategy. It can't be something casual where you throw a consumer plan in. And it really has to be driven by the company.
2. It has to be customized to the company's workforce and their particular need. There is not just one single consumer solution that will work properly for everybody.
3. Consumerism has to embody a wide range of support tools, which need to include care management, and that's where you'll get the biggest savings first, not from the plan design or the spending account.
4. At the end of the day, it's really about behavior. You're trying to change people's behavior.

interest in that plan. The more we can promote it with [the employees] and educate them, it will benefit us and our employees. The biggest impact would be [employees in the CDHC plan] sharing their experience with other co-workers."

EFFECTIVE CONSUMERISM TAKES TIME, EDUCATION

While health care consumerism sounds like a quick fix, Ryan cautions that consumerism is not something that can be put in place overnight. For it to be effective, it needs to be well designed and correctly implemented. "It's the kind of process that may take weeks and months," Ryan said. "That doesn't mean they're doing this full

use them, they're basically going to ignore them. So the challenge is the right mix of financial incentives and the right mix of decision tools. That's going to be different for every workforce."

Also, most potential SHPS customers share the same concern: How do I get people involved? It all boils down to communication, Lanzet said. First, you need a strong educational approach. "You need to know the full story of how CDHC works," he said. "Second, come up with a plan design that's flexible and works across the entire population." Third, empower individuals. "Give them responsibility to make health care choices," Lanzet said. "Have the tools in place and give access to the information