



Industry Currents

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Making consumerism work: Rethinking vendor strategies

By Bruce Shutan

The business community is rapidly embracing health care consumerism as its primary strategy for reducing double-digit health care cost increases. While the theory of empowering consumers to take personal responsibility for their health and health care spending is well understood, the practical implications of making health care consumerism work is just now being understood. At the end of the day, consumerism should produce healthier lives and lower costs — or it is not sustainable.

Consumerism takes a behavioral approach to health care in which plan design, employee communications, incentives, spending accounts, clinical interventions and program metrics all work together. Putting health care consumerism into practice requires a well-orchestrated effort. Program integration becomes more important than the delivery of any single service.

The days of measuring health benefits value on a piecemeal basis are numbered, explains Krishnan Sastry, executive vice president of health management solutions for SHPS. "The model of acquiring individual best-in-class components is being challenged as a result of the holistic approach that one now needs to take," he says. SHPS is part of a new vendor category: the program integrator.

Continuity and objectivity

While large employers may wish to preserve their ability to bargain with multiple carriers for underwriting, claims administration and provider networks, firms like SHPS can help them design a sophisticated integrated health program that maintains continuity of health initiatives year to year while enabling employers to swap coverage to preserve the price and quality of their health networks.

The program integrator's job is to bring administrative, financial and clinical tools together in a way that empowers consumers to change health behaviors, a role distinct from claims adjudication and health network coverage. SHPS believes health care consumerism requires a fundamentally different approach to the delivery of both benefits and care management services, which have historically been knit together from stand-alone solutions and offered side by side.

Unlike most purveyors of health care consumerism, SHPS is in the unique position of having built a track record for all

three pillars of this approach: benefits plan design and administration, spending account management and care management. The vendor is poised to lay the beam of seamless program integration across this infrastructure, further enhancing its market leadership position.

"We're the only non-carrier solution to bring all of these assets and experience to bear," Sastry says, noting how SHPS promotes not only continuity of service, but also objectivity and, thus, greater credibility. "Our job is to be a consumer's advocate rather than a gatekeeper for the services that need to be delivered."

Incremental approach

Consumerism will only work if the strategy and tactics have been designed for all covered lives, regardless of an individual's health status or income. That means ensuring chronically ill populations aren't left in the uncomfortable position of quickly depleting their savings accounts and having to ration care — a significant criticism of consumer-driven health plans. The point is to optimize utilization of services by focusing on preventive care and weeding out inappropriate care.

SHPS suggests that employers need to develop a three- to five-year strategy for integrating various components into a seamless solution, given the complexity of consumerism and fact that typical wellness metrics such as body mass index and cholesterol levels are highly correlated to three-year health trends.

The chief objective is to help employees understand the model, their role in its adoption and the behavioral changes needed to ensure its success. And since a significant amount of education is required, the best approach may well be one that advocates incremental change in benefit plan design and incentives to reduce confusion.

Sastry says the first step is for employers to gain a clear understanding of their employee population in order to lay the groundwork for effective strategies that will engage consumers to take more responsibility for improving their health. Next is commitment to a methodical and disciplined approach that's gradually rolled out so that people can have a full understanding of what they're attempting to accomplish.

The best way to ensure this objective is a frequent and interactive communications model that engages employees and

their families through multiple channels including print, online and personal engagement through benefits and care advocates, he adds.

Higher ROI

At a time of increasing emphasis on quantifying return on investment, SHPS works closely with its customers to determine the right program metrics such as their total health spend and trend, as well as multivariate analysis to identify which components are most effective or in need of improvement.

Large self-insured clients with integrated program delivery of a consumer-driven solution have been shown to reduce their annual trend increases in health and productivity costs by an average of 50% or higher.

These organizations have a common set of best practices

that include a multiyear commitment from management with ongoing monitoring and interactive communication, a source of holistic program metrics and management of critical cost points first targeting chronically ill populations.

"Metrics need to deal with outcomes and be both clinical and financial for a holistic view that assesses overall program value," Sastry notes.

He says vendors that are able to aggregate holistic data across the aforementioned three pillars of health care consumerism, as well as health care metrics, will be "the ones that can put analytics platforms and statistical models on top of it to measure not just individual variables, but the correlation of those variables."

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Reprinted from BenefitNews.com, April 12, 2006. One State Street Plaza, New York, NY 10004



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