

# Care

A GUIDE FOR PHYSICIANS

## MOVING CONSUMERS TO HEAD OF THE CLASS

Creating a customer base that's aware of the link between cost and services has become the next big challenge in managed care. It's a daunting task.

By Frank Diamond  
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**E**ducating consumers to the point where their wise choices rescue a health system whose costs have spiraled beyond managed care's control is a neat concept. Give employees the money and responsibility to select their own benefit packages, goes the theory, and the results will be better outcomes for less outlay.

The idea has gotten more play lately for several reasons: reports that health benefit premiums may rise 20 percent in 2003, a turn away from capitation, and a recent ruling by the IRS that makes it financially more advantageous for employees to enroll in defined-contribution systems.

In such an atmosphere, the educated patient is an idea striking in its simplicity and rationality – the very goal of the consumer-oriented health care movement.

In fact, discussing the educated consumer can be something of an afterthought to cost shifting. The Washington Post points out that “if there is one overarching cause of soaring health care expenditures, it is American’s insatiable appetite for each and every medical test and treatment available...”

Employers react by passing more costs to employees, arguing that if consumers had more financial stake, they’d be better customers. Without having “skin in the game,” as one expert puts it, educated consumers can actually drive costs up.

“The industry can say that it’s essentially forcing the consumer to take a more active role in his health care because it’s coming out of his pocket,” says Arthur N. Leibowitz, MD, of cost shifting. He is the former chief medical officer for Aetna U.S. Healthcare and now is the executive vice president and chief medical officer for Health Advocate. “The issue is: Is the typical employee equipped to do that?”

The consumer, educated or otherwise, needs help.

“I don’t think you can actually create a more efficient system by passing the financial responsibility onto consumers,” says Leibowitz, “You’ll save the employers some money, but employees are going to bear the brunt of it.”

How far such cost shifting can ultimately go is an open question.

“...[S]hifting sizeable financial risk to consumers on a broad scale could lead to another backlash (against man-

aged care), possibly larger than the one preceding it,” points out the article on cost shifting in *Health Affairs*.

This raises societal issues that will not escape the notice of policymakers.

James Robinson, PhD, MPH, professor of health economics at the School of Public Health at the University of California at Berkeley, noted in an article last year in the *Journal of the American Medical Association* that “consumers vary enormously in their financial, cognitive, and cultural preparedness to navigate the complex health care system. The new paradigm fits most comfortably the educated, assertive, and prosperous and least comfortably the impoverished, meek and poorly educated.”

There are already signs that a niche industry is beginning to anticipate the results of continued cost shifting and the growing demand for educated consumers.

“The problem is that consumer-driven health care creates different challenges to those members of society who lack the skills to navigate the system because they have poor reading abilities or dyslexia,” says Gloria Mayer, EdD, President of The Institute for Healthcare Advancement, a think tank in Los Angeles.

“Although these obstacles can be overcome and patients can learn how to utilize the health care system appropriately, the education will not be cheap and the health care system has not traditionally valued or paid for much health education. Consumer-driven health care is not in itself the total answer for all patients.”

Leibowitz’s Health Advocate, formed with four other former Aetna U.S. Healthcare officials, is a company whose very existence is based on the premise that health care is too complex for the average consumer to maneuver through.

“You deal with people and you start talking to them about deductibles, noncovered expenses, coinsurance, annual maxes: These are not problems that the average consumer can deal with well,” says Leibowitz. “I have a glossary of 50 terms that you need to comprehend in order to understand the health care system.”

Leibowitz uses the analogy of giving someone the wiring schematic for a building and telling him that a light fixture on the eighth floor doesn’t work.

“He could take the wiring schematic and eventually he could probably figure out how to fix it,” says Leibowitz. “But it would be a lot easier to hire an electrician, and that’s kind of the way we function. We work on issues that we’re familiar with both clinically, because we’re doctors and nurses, and administratively, because obviously we ran the largest health plan in the country and we understand.”



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