

Insurers get employees ready for consumer-driven health plans

By Brian Bandell

Health insurers are embracing consumer-driven health care — where employees absorb more of the cost and make more decisions — but additional health care information may be needed to help them make informed choices.

Rather than have flat co-payments, those in high-deductible plans with health savings accounts (HSAs) use their own money and shop for care. But this isn't like shopping for a car or a household appliance, where buyers can research consumer reports on individual doctors or use a Web site to find the cheapest place to get an MRI.

Laurel Mattson, the lead garnishment specialist for Oasis Outsourcing in West Palm Beach, had been paying \$82 out of her HSA for her monthly prescription at a drive-through pharmacy. She decided to call another chain and found it offered the same prescription for \$42 a month. The extra money she saves will stay in her HSA, so she has more money to use before paying out of her \$2,500 deductible.

"I had always driven up and picked up the prescription. For years, I did the same thing and never questioned it," Mattson said. "I didn't think there'd be a big difference in price."

The choice of pharmacy can greatly impact the price of the same product. Comparing drug prices at Miami pharmacies through www.myfloridarx.com — a Web site run by the Florida Agency for Health Care Administration — the price of a month's supply of 20-milligram tablets of the cholesterol-lowering Lipitor ranges from \$101.54 to \$279.56.

Employees would see no difference in their co-payments, regardless of the pharmacy, although the higher costs could eventually increase their premiums. But employees using HSAs, flexible spending accounts or with high deductibles would feel the higher price directly.

At Oasis Outsourcing, 75 of its 2,000 clients and 300 of its nearly 60,000 employees are on consumer-driven health plans. While the percentage is small, it's expected to increase as the cost of health care increases.

"With HMOs kind of in a phase-out over the next decade or so, the push is toward consumer-driven plans, including high-deductible plans and HSAs," said Barbara Drames, Oasis Outsourcing director of benefits. "There's going to have to be more education for employees where they can find the information they need."

Oasis Outsourcing works with Health Advocate to provide its employees health care guidance. The Plymouth Meeting, Pa.-based company, with more than 1,600 clients and 5 million covered lives, provides counseling for employees looking for medical guidance.

Many of its calls are helping patients compare doctors, manage their prescriptions and help with claims and denials, said Dr. Abbie Leibowitz, Health Advocate founder, chief medical officer and executive VP. Employees are more concerned with comparing physician quality, rather than physician pricing, he said.

"There's a tremendous gap between what those who create consumer-driven plans say consumers need and what consumers actually want," Leibowitz said. "Just because you have to spend more of your own money doesn't make you any smarter and it doesn't make you any better in managing your health care. We get a lot of people who are stuck, after receiving care, with bills that are enormously larger than they expected to have."

Estimating the costs

Health Advocate calls health care providers and tries to get a cost estimate for a procedure, but it's not easy to compare that to other health care providers, he said. The bigger problem is that there's no reliable source of quality data to compare hospitals so

consumers don't truly know where to get the most cost-effective care, Leibowitz said.

Many health plans are improving the features on their Web sites so patients can compare hospitals, physicians and prescription drugs, said Lloyd Rhodes, president of the Rhodes Insurance Group in Fort Lauderdale. His clients, including several community colleges and city governments, have been pushing the health plans to provide more information on physicians and urgent care centers so employees can make a choice.

None of Rhodes' clients have consumer-driven plans, but they're using higher co-payments for branded prescription drugs and emergency room visits to keep costs down.

Having higher co-payments for prescription drugs is forcing employees to be more active consumers. Co-payments can vary from \$10 to \$50 in some plans, based on where the drug sits in a health plan's formulary. Non-preferred branded drugs are generally more expensive, while generic drugs are cheaper.

The problem is, most doctors don't look at a patient's formulary when making a prescription and patients usually don't remember it, so the patient doesn't discover their co-payment amount until they get their prescription, Health Advocate's Leibowitz said. He questions whether the average consumer will know enough about prescription drugs to tell their doctor to recommend something else.

"When you're sitting in a doctor's office in an examining gown because you have a problem, these aren't easy discussions for the typical consumer to have," Leibowitz said.

Employees and doctors aren't usually aware of the co-payments on drugs when making prescriptions, said Ron Weintraub, director of benefits for the Broward County School Board. The employees are more influenced by advertisements for drugs — usually the ones with the highest co-payments — than they are by their formularies.

Some doctors with electronic medical record systems can pull up a patient's formulary and choose a drug that will be cheaper for them, but very few doctors have that capability, Weintraub said.

Lowering drug costs

Since most doctors don't have time to do it, Humana is helping its members lower their prescription drug costs. It has an online tool for members, which lets them search for generic or similar versions of their prescription drugs and suggests they ask their doctor about them. The average member who used this program saved \$200 a year on each prescription, said David Saltzman, Humana's consumerism consultant for commercial operations in Florida.

As it offers more consumer-driven plans, the company is providing more information about hospital quality and pricing to its members. It ranks hospitals on length of stay, number of procedures and infection rate, but it doesn't cover every procedure and the information isn't completely comprehensive on cost and other complications, Saltzman said. Comparing physician offices is still a work in progress, he said. Providers such as urgent care centers and diagnostic centers also don't provide much information.

"The hard thing for folks to consider with consumer-driven care is we're at the very first step in what will be a long journey," Saltzman said.

One of the barriers to the consumer-driven movement is that many health care providers are reluctant to provide information, especially physicians, said Becky Cherney, president of the Florida Health Care Coalition, an Orlando-based advocacy group representing employers in Central and South Florida. Under the current system, bad doctors are paid as much as good doctors and have equal chance of picking up patients, she said.

"The way the system is now, no one is accountable," Cherney said.

The best state for accountability is Pennsylvania, which has a 20-year-old database where hospitals and doctors list their number of procedures, mortality rates, malpractice lawsuits and other quality measures. Florida's hospital database is too new and doesn't have enough data to be useful, and the health plan Web sites aren't good enough to make informed decisions either, she said.

"It's a terribly broken system, and to expect a consumer to navigate that is pretty ridiculous at this point in time," Cherney said.