



Medtronic

When Life Depends on Medical Technology

Consumer Driven Health Care

**Employee Benefit Research Institute
Policy Forum
May 3, 2001**



The Company

- **World's leading medical technology company**
- **25,000 employees worldwide**
- **16,000 in U.S.**
- **90%+ participate in company health plans**
- **Five year average increase in health care costs significantly below reported national averages**

Why Consumer Driven Health Care?

- Change employee behavior from receivers of health care to informed consumers of health care by:
 - Participating more fully in health care decisions
 - Greater access and utilization of right kind of information
 - Information on general health topics
 - Specific information on providers, outcomes etc.
 - Ability to make cost decisions
 - Integration and support of Medtronic's Total Well-Being strategies

Why Consumer Driven Health Care?

- **To allow patients to participate in their own health care decisions utilizing information from:**
 - Internet (internet and vendor site)
 - Vendor customer service
 - Vendor website with individual's history
 - Access to outcome / quality information
 - Access to procedure and prescription prices

Why Consumer Driven Health Care?

- **To allow patients and physician to be in control of health care decisions by:**
 - Eliminating role of plan as gatekeeper
 - Enabling employee's new role as gatekeeper
 - Strengthening relationship between patient and physician

Why Consumer Driven Health Care?

- **To make total cost of health care visible to employee**
 - Price information for medical services and prescriptions
 - Quarterly statement on total cost of health care
 - Control over personal care account
 - Investment in health, rather than cost of treatment
 - Provides choice of various levels of deductibles

Why Consumer Driven Health Care?

- Conclusions -

- Employee and physician now control health care decisions
- Information base is easily accessible and provides credible information (alternative treatments, outcome, quality, cost etc.)
- No longer keep total cost of health care “hidden” from employees (i.e. \$10 copay is the cost of care). Participants share in more of the risk with ability to select level of risk
- Traditional HMO, PPO, POS type of plans will re-evaluate their health care model and delivery
- Better understanding of health care as a component of total rewards and employee wellness

Why Consumer Driven Health Care?

- What They're Saying -

- Bob Hahn – Medtronic employee – (National Public Radio March 6, 2001)

“I liked the breadth of coverage options in the sense that I’m able to select my own physicians and health-care delivery folks..And secondly, the program is structured so that I can make the decision to go to a particular physician. I don’t have to get a referral. And that was really important to me and my family”...

Why Consumer Driven Health Care?

- What They're Saying -

- **Bill George – Medtronic's CEO – commenting on how employees will use the Definity Health Benefit (National Public Radio March 6, 2001)**

“Because I think they're going to watch their costs a lot more closely, and they're going to make better decisions. Look, if you need heart surgery, the company's gonna wind up paying for that anyway. But I think on the basic day-to-day costs, I think people are much more careful about how they spend their money.”

Why Consumer Driven Health Care?

- What They're Saying -

- **NPR Reporter – Patricia Neighmond (National Public Radio March 6, 2001)**

“And companies should save money, says Harvard University business Professor Regina Herzlinger. She calls these new defined contribution health plans evolutionary.”