Consumer-Driven Health Care Strategies

EBRI Policy Forum

“Never mistake a clear view for a short distance.”
May 3, 2001
Potential Paths

Current System (Short-Term Cost Control)
- More consolidation
- More self-insurance
- Less choice
- Employer branding

Single Payer System
- Design/subsidy mandates
- Price controls
- Less choice
- Distance from employer brand

Consumer-Driven System
- Less consolidation
- More insurance
- More choice
- Distance from employer brand
Defined Contribution?

- Defined contribution is going to happen, but unwilling to be the first mover 67%
- Ready, willing and able to convert to defined contribution 23%
- Something must change to move forward with defined contribution 10%

Source: Booz-Allen Hamilton
Defined Contribution?

- Small employers move to a pure defined contribution model and this trend accelerates in an economic downturn
  - Putting more cost pressure on large employers (uncompensated care) and increasing political pressure for a single payer solution

Source: Employee Benefits Research Institute, Small Business Administration
Potential Defined Contribution Evolution

- Employer Flexible Benefits System
- Drive Consumerism
- Organize Individual Underwriting Markets
- Tax Code
- Pure Compensation System

TODAY

EVER?
Employer Strategy Barriers

Driving Consumerism
- Investments in required tools, content, and advocacy services
- Current administrative capabilities
- Employee privacy concerns
- Employee/Retiree internet access

Driving Market Efficiencies
- Enrollment volume
- Technology interfaces with plans and providers
Sageo Support

Create an efficient market between employers and plans
- Drive administrative efficiencies with standardization, on-line transactions, and Sageo customer care
  - Standard administrative rules
  - On-line eligibility management and data transfers
- Offer employer savings in benefits administration through a shared-service outsourcing platform
- Drive health plan administrative expenses down by aggregating enrollment volume
Drive Health Care Consumerism

- Provide administrative platform for plan choice (group and individual products)
- Provide plan and provider selection tools at open enrollment
- Provide detailed consumer data on coverage and plan rules
- Provide health plan advocacy services
- Provide health care content through partnerships
- Enable integrated choice between traditional and consumer-driven health plans
  - Cost modeling
  - Coverage comparisons
  - Access to provider exchanges
**Sageo Overview**

- **Employers**
  - Selects plan offerings
  - Feeds eligibility data
  - Determines company contribution

- **Employees**
  - Use Sageo’s decision support tools
  - Leverage GeoAccess and Mayo Clinic data

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<th>Initial or Open Enrollment</th>
<th>Health and Welfare Insurance Offerings (subsidized benefits)</th>
<th>Voluntary Benefit Offerings (non-subsidized benefits)</th>
<th>Health/Wellness Content</th>
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- **Plan Administration**

- **24 x 7—Customer Care Center in Orlando**