

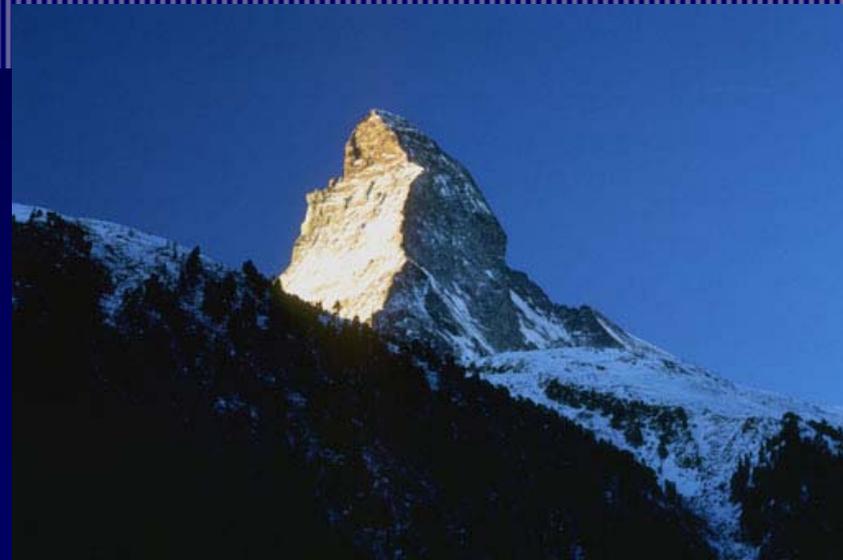
# MERCER

Human Resource Consulting

2 May 2002

## The Search for Much Higher Value Via Consumer Driven Health Benefits

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# What Does Much Higher Value Look Like?

- Double-digit offsets of premium trend
- Clinical effectiveness equivalent or improved
- Manageable risk to employee relations



# Where Are the Big CDHB Cost Levers?

(excluding pure cost shifts)

- Tightly linking OOP cost to TCO of consumer selections of
  - (1) providers,
  - (2) treatment options, and
  - (3) care management participation
- Influencing selections by the sickest 5%
- Applying this approach to all plan offerings



# What's the Best Case Employer Upside?

- 10-25 percentage point cost offset if implemented by few purchasers
- >30 percentage point cost offset if implemented by many purchasers
- Big Q gains if prioritized and scientifically astute

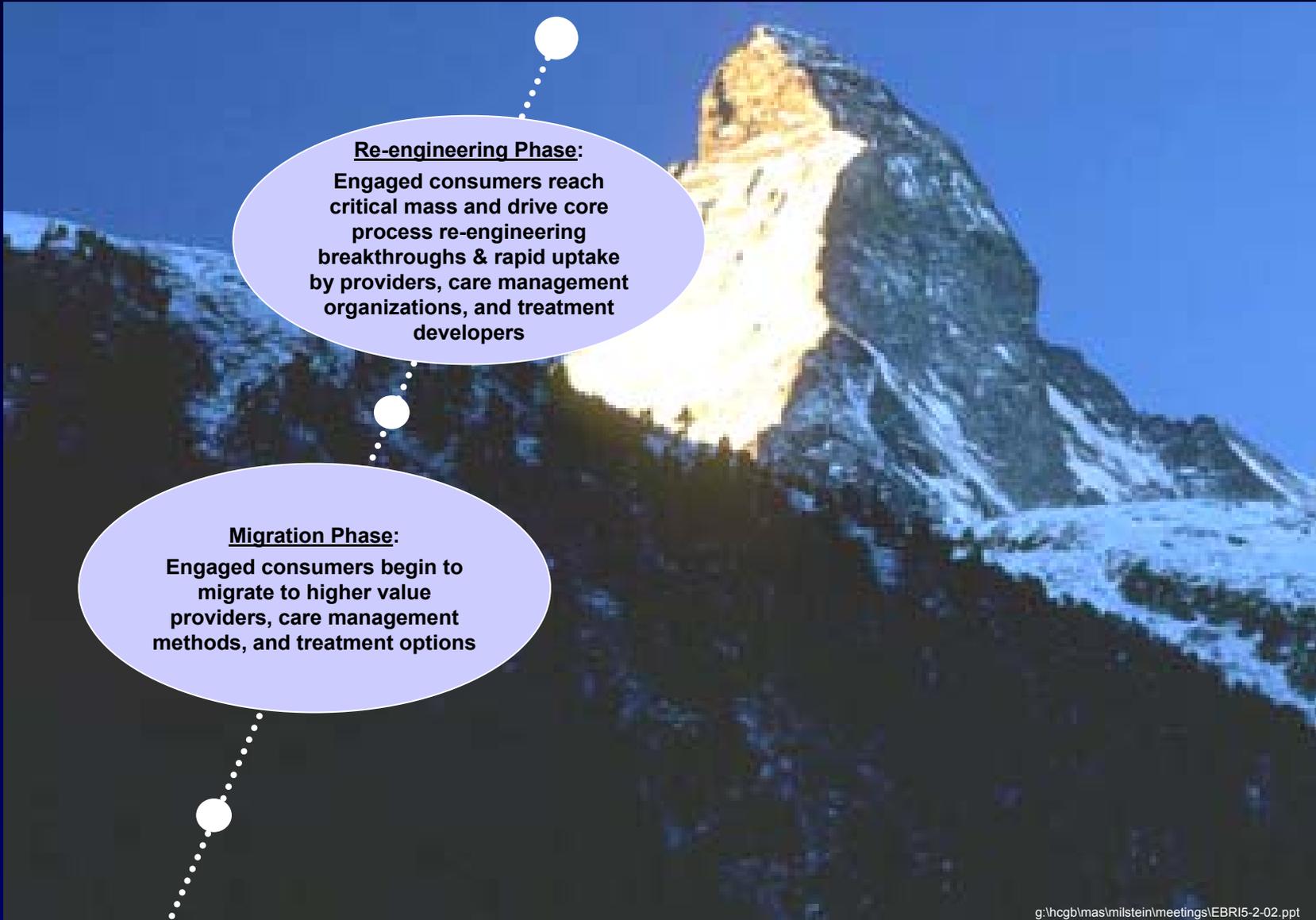


# Critical Mass is Essential to Reaching the Summit

**SUMMIT**  
10:  
> 3 $\Sigma$   
= >30 pts↓

**HILLSIDE**  
02-5:  
= 2 $\Sigma$   
= 10-25 pts↓

**SWAMP**  
02:  
= 1 $\Sigma$   
= baseline



**Re-engineering Phase:**  
Engaged consumers reach critical mass and drive core process re-engineering breakthroughs & rapid uptake by providers, care management organizations, and treatment developers

**Migration Phase:**  
Engaged consumers begin to migrate to higher value providers, care management methods, and treatment options

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