



Consumer Driven Health Benefits: A Continuing Evolution?

May 1, 2002

THE ROLE OF MANAGED CARE

Employee Benefits
Research Institute

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The Benefits of Managed Care

- 📁 Organized market
- 📁 Negotiated contracts
- 📁 Coordinated Services: preventive → acute care → disease management → case management → discharge planning
- 📁 Vast databases
- 📁 Evidence-based medicine
- 📁 Limited paperwork

The Shortfalls of Managed Care

- 📁 Managed “Contracts” v. Managed “Care”
- 📁 Consumer insulated from cost
- 📁 All-you-can-eat frenzy
- 📁 Quality purchasing has not emerged
- 📁 Punitive system
- 📁 Backlash
- 📁 Supply-side management is limited in scope

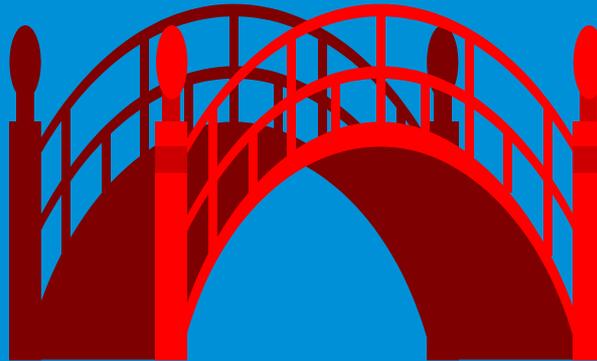
CDHC from a Purist's Vantage Point

- 📁 Consumer manages checkbook: spend wisely
- 📁 Tools and information accessible 24/7
- 📁 Prices are transparent
- 📁 Quality outcomes: available for informed decisions
- 📁 Financial safety net/stop loss coverage
- 📁 Incentives: self-care, information is power, health care savings accumulate → prudent buyer
- 📁 Market forces/demand side integration

CDHC: Not Yet Ready for Prime Time

Benefits of Managed Care

- 📁 Negotiated Contracts
- 📁 Evidence-based Medicine
- 📁 Disease Management
- 📁 Case Management
- 📁 Coordinated Services
- 📁 Limited paperwork



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Pragmatic Migration

→ → → → → → →

Purist CDHC

- 📁 Prices are transparent
- 📁 Quality Outcomes Available
- 📁 Tools and information 24/7
- 📁 Engaged Consumer
- 📁 Demand Side Impact
- 📁 Free Agent

Not Either/or, but Both:



Supply Side Disciplines
(Managed Care)

+

Demand Side Market Forces
(Consumer Driven Health Care)

= Integrated Solution

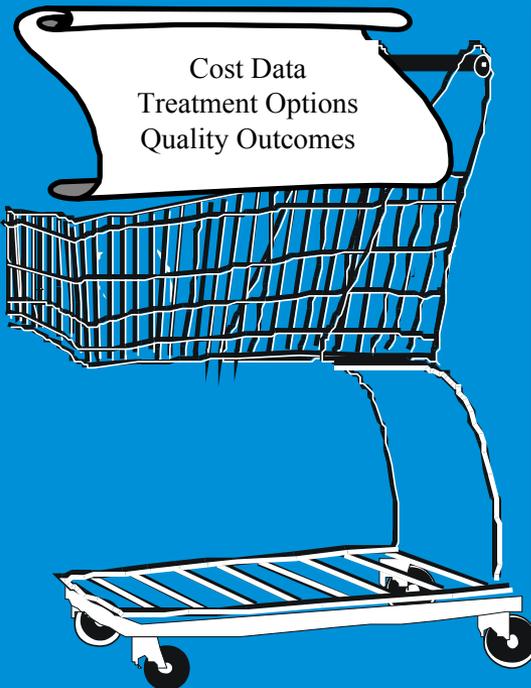
Consumer Health Mall



Discounted
Providers

Case
Managers

Mammograms



100%/70%
In/Out Network

OOP \$2,000 +/-

PSA
\$2,000 +/-

\$5,000 Deductible



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