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.”