

Consumer-Driven Health Benefits: A Continuing Evolution?

*An EBRI-ERF Policy Forum
May 2, 2002
Arnold and Porter Conference Center
Washington, DC
9:00 a.m. to 4:00 p.m.*

This policy forum will examine the early experiences with consumer-driven health benefits and consider the potential impact on employee health benefits and the health care system today and in the future.

I. Welcome and Introduction

What is driving employer decisions regarding health benefit design?

- Health care cost and underlying drivers
- Employee reaction to managed care
- Regulatory environment
- Demand for choice and the general rise in consumerism

Speaker:

- Paul Fronstin, Employee Benefit Research Institute

II. New Models for Providing Employment-Based Health Benefits

Several employers have added what has been called consumer-driven health benefits (CDHB) to their benefits package. These plans lie along a spectrum of variations in plan design and economic incentives. What are the new models, how are they alike, and how do they differ? How do or might the new models affect utilization patterns, consumer decision-making, spending, quality, and health status? What lessons have been learned from changes that took place during 2001? How did transitions to new models work? How is the transition to new models being explained to employees? What evaluations have taken place to determine how consumers have changed utilization behavior? What are the expectations in the future?

Speakers:

Overview of Spectrum

- James Murphy, American Academy of Actuaries

Insurer/Vendor Perspective

- Amit Gupta, Caregain
- Bill Reindl, Definity Health
- Michael Parkinson, Lumenos

Employer Perspective

- Pattie Duca, Pharmacia

Benefit Consultant Perspective

- Michael Thompson, PriceWaterhouseCoopers
- Arnie Milstein, Mercer Human Resource Consulting

Researcher Perspective

- Jon Gabel, Health Research and Educational Trust

III. **The Role of Managed Care in a Consumer-Driven World**

Consumer-driven health care benefits may clash with or complement the current range of managed care products. Over time, this new model could come to dominate the purchasing of health care services just as managed care has done for the past decade. Can managed care survive the move to consumer-driven health care? What role might managed care play in a consumer-driven health care world? How could managed care and CDHB complement one another? To what degree are they in basic conflict? How does each model purport to influence the demand and supply sides of health care *and* improve care quality? What do large national insurers think of the new models and how are they responding to the employer interest in offering new products? Why are some employers not making plan design changes?

Speakers:

Employer Perspective

- Miles Snowden, Delta Airlines

Benefit Consultant Perspective

- Ken Jacobsen, The Segal Company

Insurer Perspective

- Christine Paige, Kaiser Permanente

Researcher Perspective

- Jason Lee, Academy for Health Services Research and Health Policy

IV. **Consumer Knowledge**

Consumer-driven health care benefits mean a whole set of new rules for plan participants. While plan participants will likely have more flexibility to choose health care providers and health care services, they will also likely have more responsibility for deciding which services will be provided in diagnosing and treating illnesses. This panel will discuss the following questions. What is the gap between the vision of CDHB and the status of educational tools currently available? What skills do consumers need to effectively participate in the new models? What do employers need to do to help their employees effectively participate in the new models? In general, what do consumers want to know? What decisions are appropriate for consumers to make? What types of educational tools are currently being provided in conjunction with the new models? How interested are consumers in consumer-driven health care? How motivated or capable will consumers be to manage resources responsibly and efficiently in a consumer-driven health care system?

Speakers:

Educator Perspective

- Ray Wertz, Consumer Health Education Council

Benefit Consultant Perspective

- Daniel B. Holmes, Fidelity Investments

Consumer Perspective

- John Abraham, American Federation of Teachers
- Gail Shearer, Consumers Union

Insurer/Vendor

- Lee Newcomer, Vivius

V. **The Role of Public Policy**

While some employers have moved to a consumer-driven health care model despite the fact that current tax laws may pose potential obstacles or are silent in key areas, many think that new legislation is needed to provide incentives for consumer-driven health care benefits, especially through the tax system. What kinds of changes in the law are being proposed to encourage consumer-driven models? Should Washington and/or the states do anything to encourage consumer-driven health care benefits? If so, what should be done? What public policy changes might be ill advised? Recognizing the risks of moving to a consumer-driven health care system, what are the main policy implications? We will encourage all attendees to share their thoughts on these questions.

Speakers:

- Chip Kerby, Mercer Human Resource Consulting
- Attendee comments and reaction