



Consumer-Driven Health Care: Implications for Health Information Technology & Personal Health Records

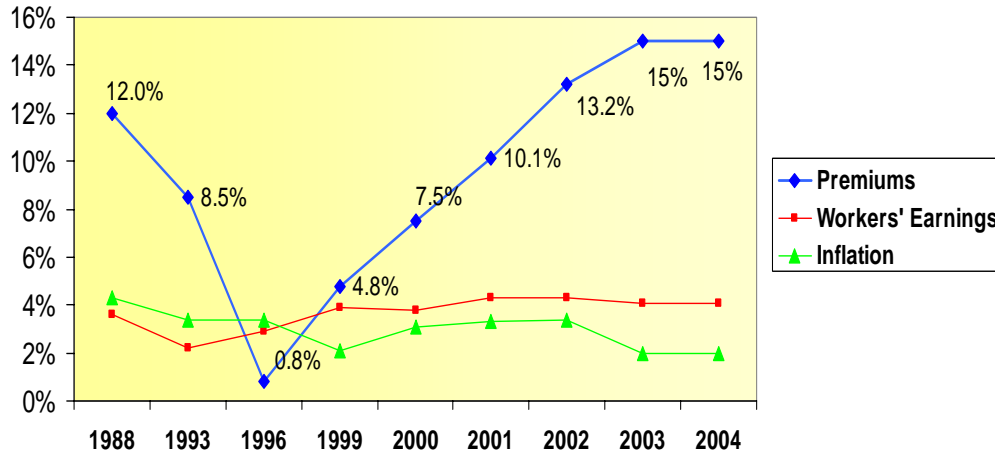
Michael D Parkinson, MD, MPH
EVP, Chief Health and Medical Officer



Cost Increases Not Sustainable For Employers or Nation



Increases in Premiums vs. Other Indicators



Kaiser/HRET and KPMG, 2001
Hewitt 2004 projections
2004 earnings and inflation estimated

Employers are Tweaking Benefits and Increasing Employee Costs

- Increasing & adding deductibles (hospital)
- Increasing copays (office visit, Rx)
- Moving away from copays
- Increasing contributions
- Decreasing benefits

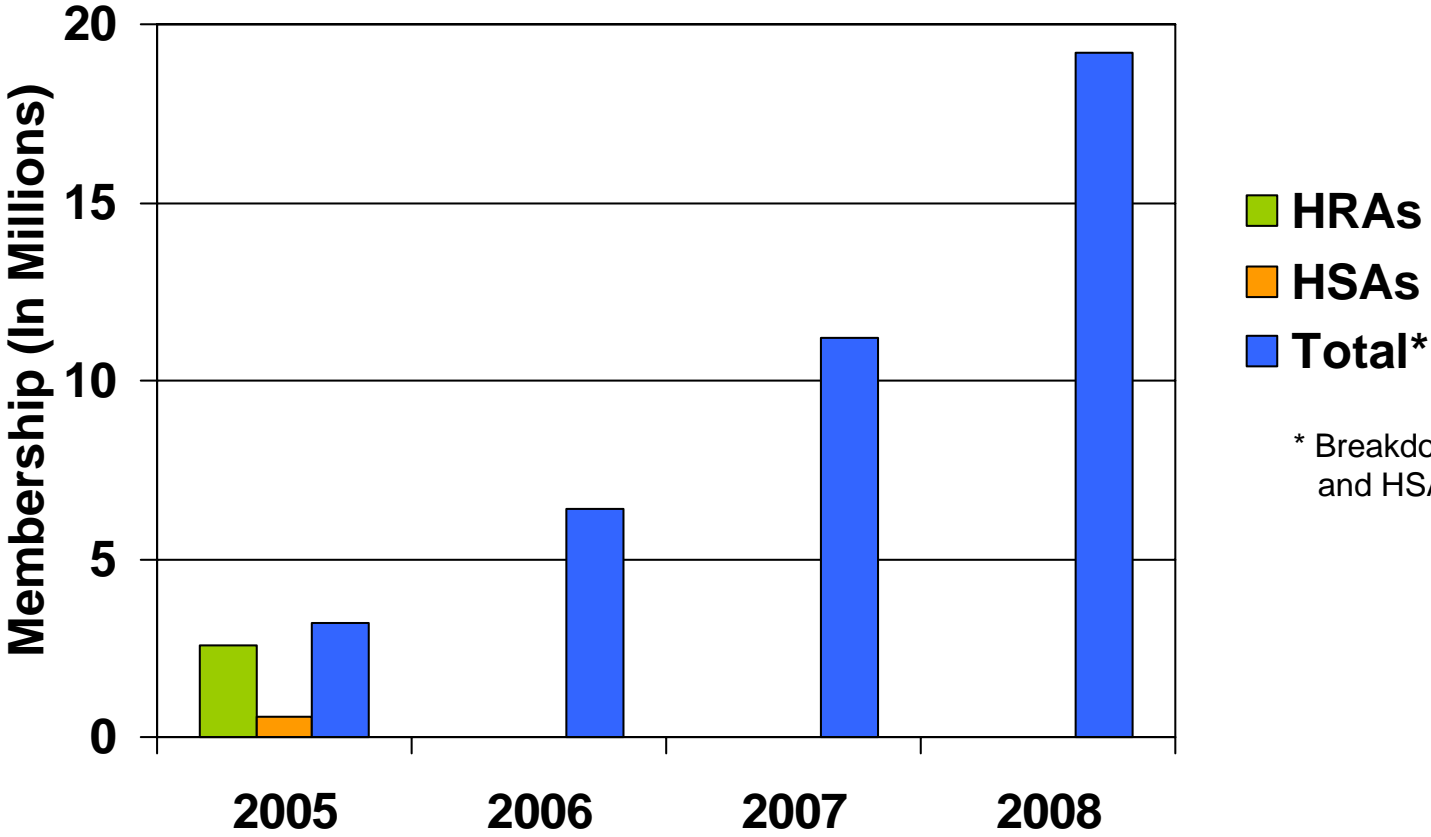
Growing realization that a fundamental change is needed...

Legislative/policy changes will help transform the market...



Lumenos
Health Care Fulfillment

CDHC Market Forecast: Growth in Membership



* Breakdown of total between HRAs and HSAs is only available for 2005.

Source: Forrester Research, 2003
Inside Consumer-Directed Care, December 17, 2004



Selected Clients



STANFORD UNIVERSITY »

Staples

National Office Supply Company

Abbott Laboratories

BANTA CORPORATION

NOVARTIS



PACIFICORP

FUJITSU TRW



URS



Rockwell Automation

NCI
Information Systems, Inc.



EnPro Industries



Gerber

Frost Bank



JJMA

Quest Diagnostics

PIVOTAL

Fortune 100: Global Technology Company

bizjournals
strictly business, strictly local

CompuCom

DELUXE

BAYLOR HEALTH CARE SYSTEM

BELO

Nokia

Federated DEPARTMENT STORES, INC.

USRA UNIVERSITIES SPACE RESEARCH ASSOCIATION

KOMATSU

macy's

Cadbury Schweppes

hap

Foth & Van Dyke

Lumenos
Health Care Fulfillment

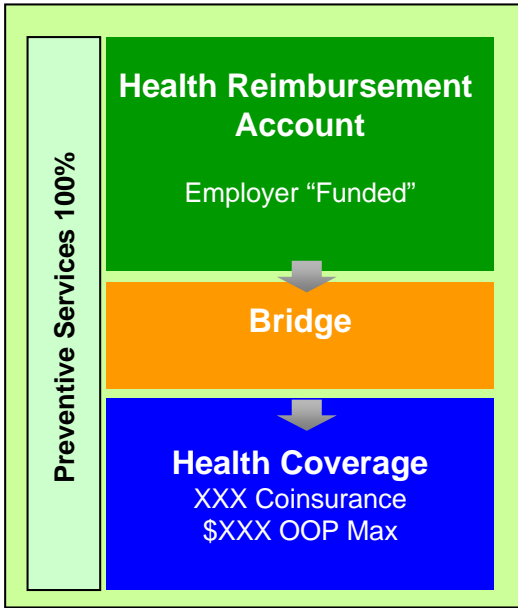
Selected Healthcare Clients



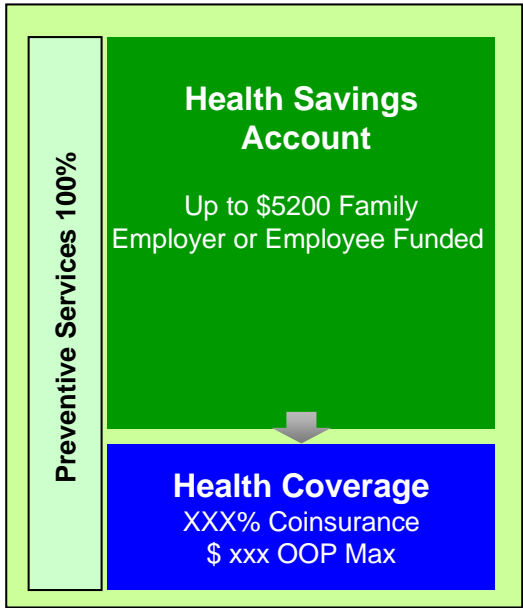
Account-Based Products



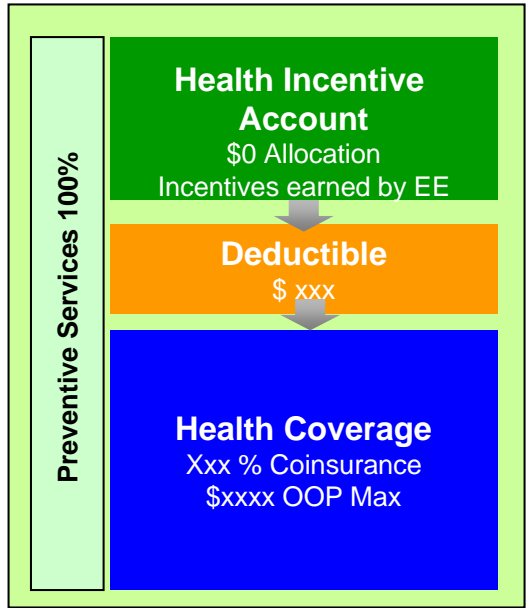
HRA Product



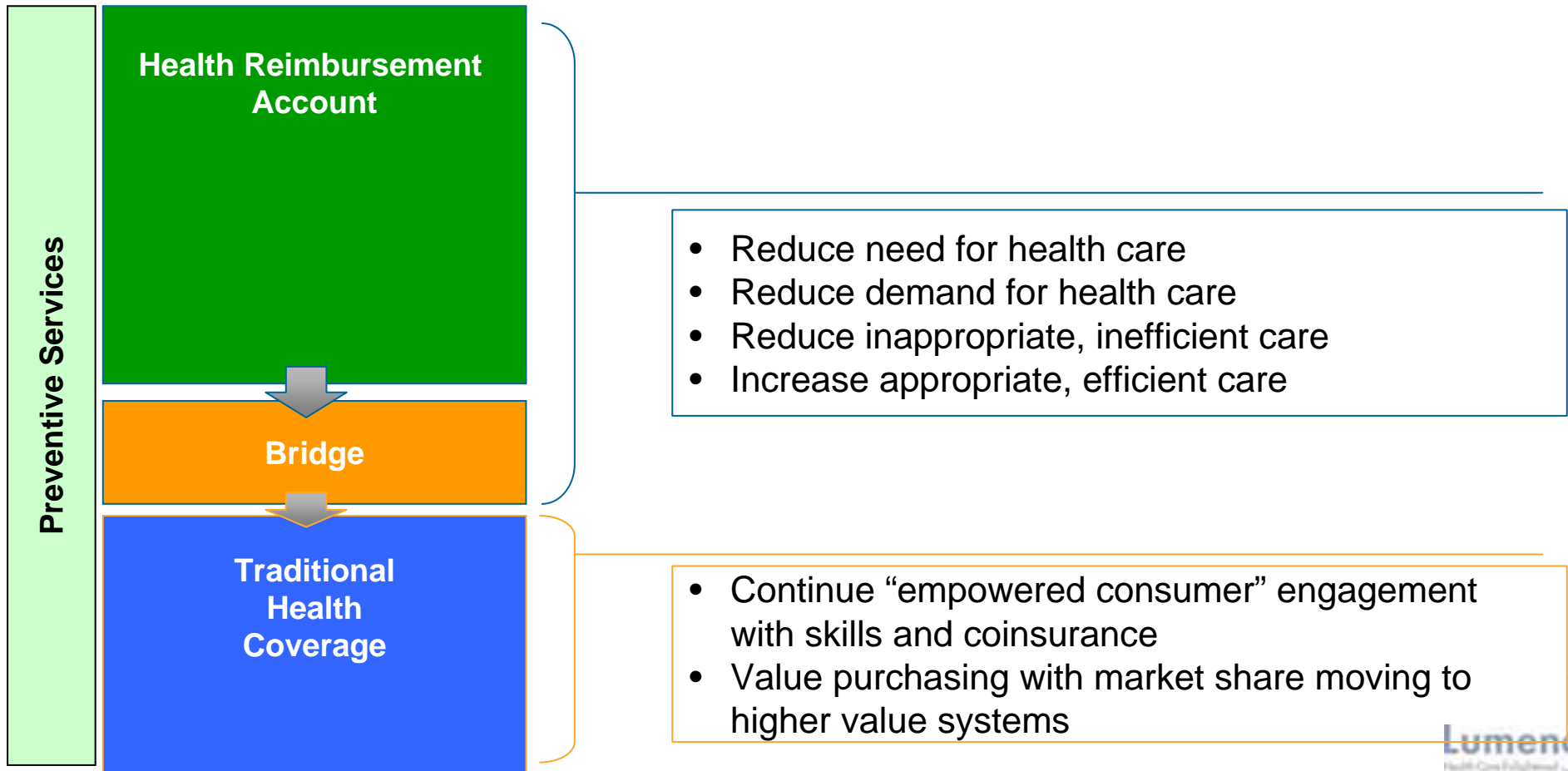
HSA Product



HIA Product



Trend Mitigation: Value Health Care Imperatives



Imagine If . . .



- Individuals saw the money spent from their paychecks and in their taxes for healthcare . . . As their own (it is)
- Individuals knew that 50% or more of health and costs came from choices THEY made in how they lived their lives (they do)
- Individuals were incentivized to know and improve those behaviors (they never have been)
- Individuals knew that 35% of all care was wasteful . . . And came ultimately from their pocket (it is and does)
- They had a health plan that made the right thing to do . . . The easy thing to do (they can, even with imperfect information . . . And they will drive better info faster)



The Cost: \$1,700-\$2,000 Per Employee Per Year



- Overuse
 - Antibiotics
 - Tranquilizers
 - Lifestyle drugs
 - Antiinflammatory drugs
 - Hysterectomies
 - Cardiac cath
 - GI endoscopy
- Misuse
 - Multiple uncoordinated visits
 - Duplicate tests, procedures
 - Medical and hospital error
- Underuse
 - Vaccination
 - Chronic care management e.g., diabetes, asthma, heart failure, cancer



*Midwest Business Group on Health, Juran Institute study, 2002

“Engaged Consumer” Vision, Strategy, Tactics and Integration



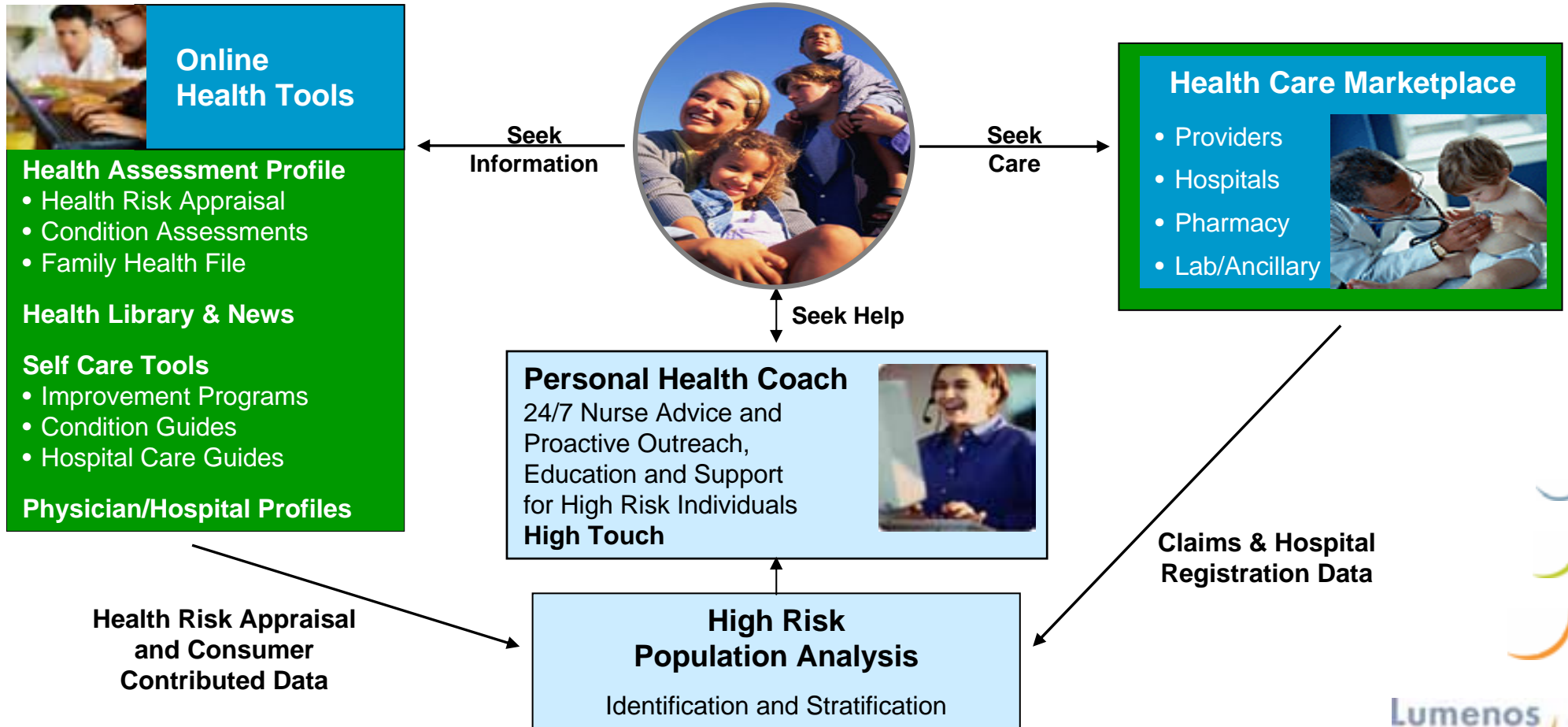
- Vision: Create engaged consumers vs. passive patients
- Strategy: 5 elements of integrated health improvement
 - Assess and enroll high risk (3 or more, chronics, “poor”)
 - Reduce demand for demand
 - Optimize evidence-based practice
 - Link to non-medical health producing resources
 - Measure and improve consumer-centric performance
- Tactics: 3 “engaged consumer competencies”
 - Seek info, seek care, seek help
- Integration: “high tech” and “high touch”



Consumer-Centric Health Improvement Model



Lumenos Consumer



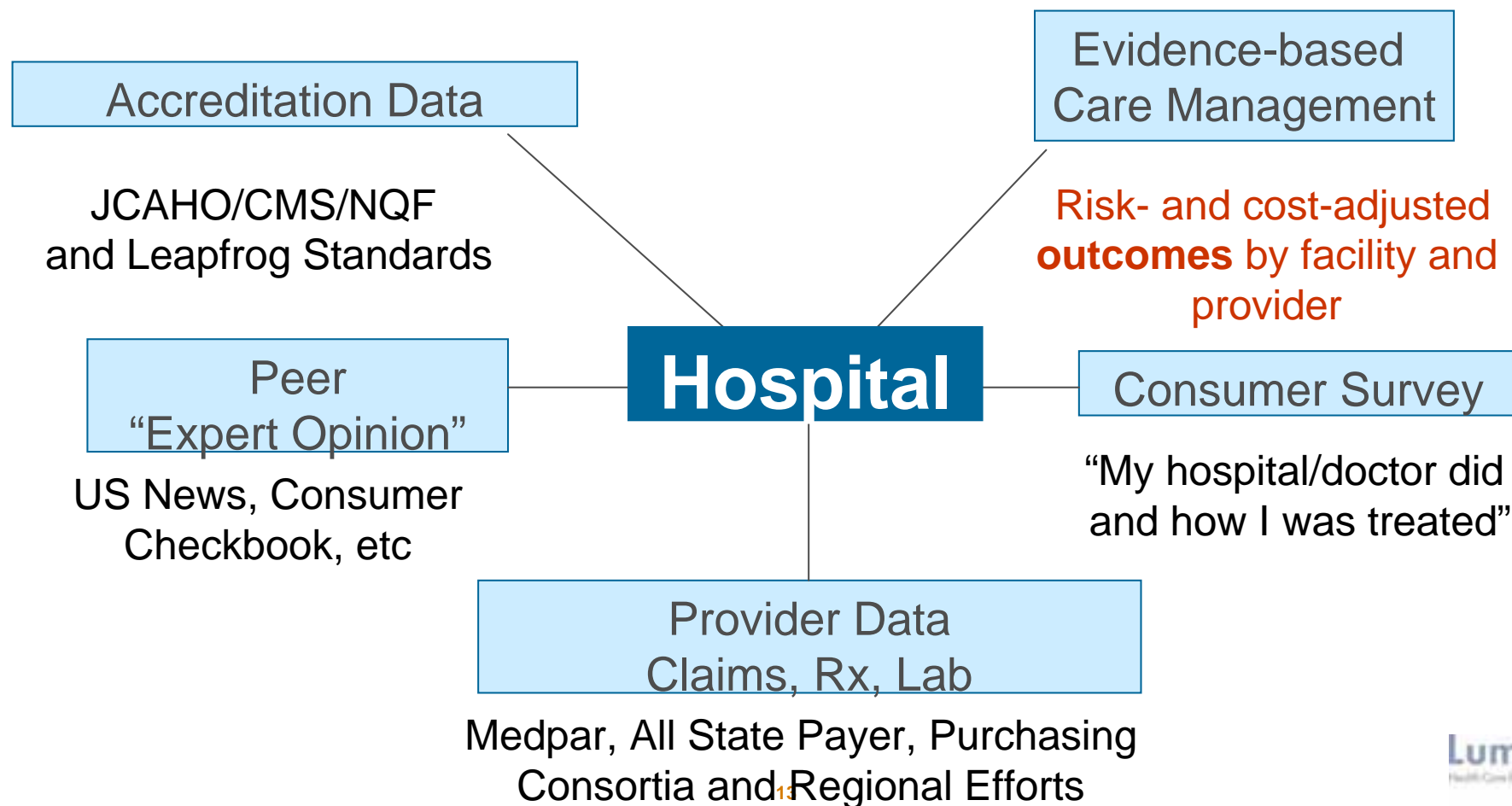
HIT/PHR Considerations In Consumer-Driven Health Care I



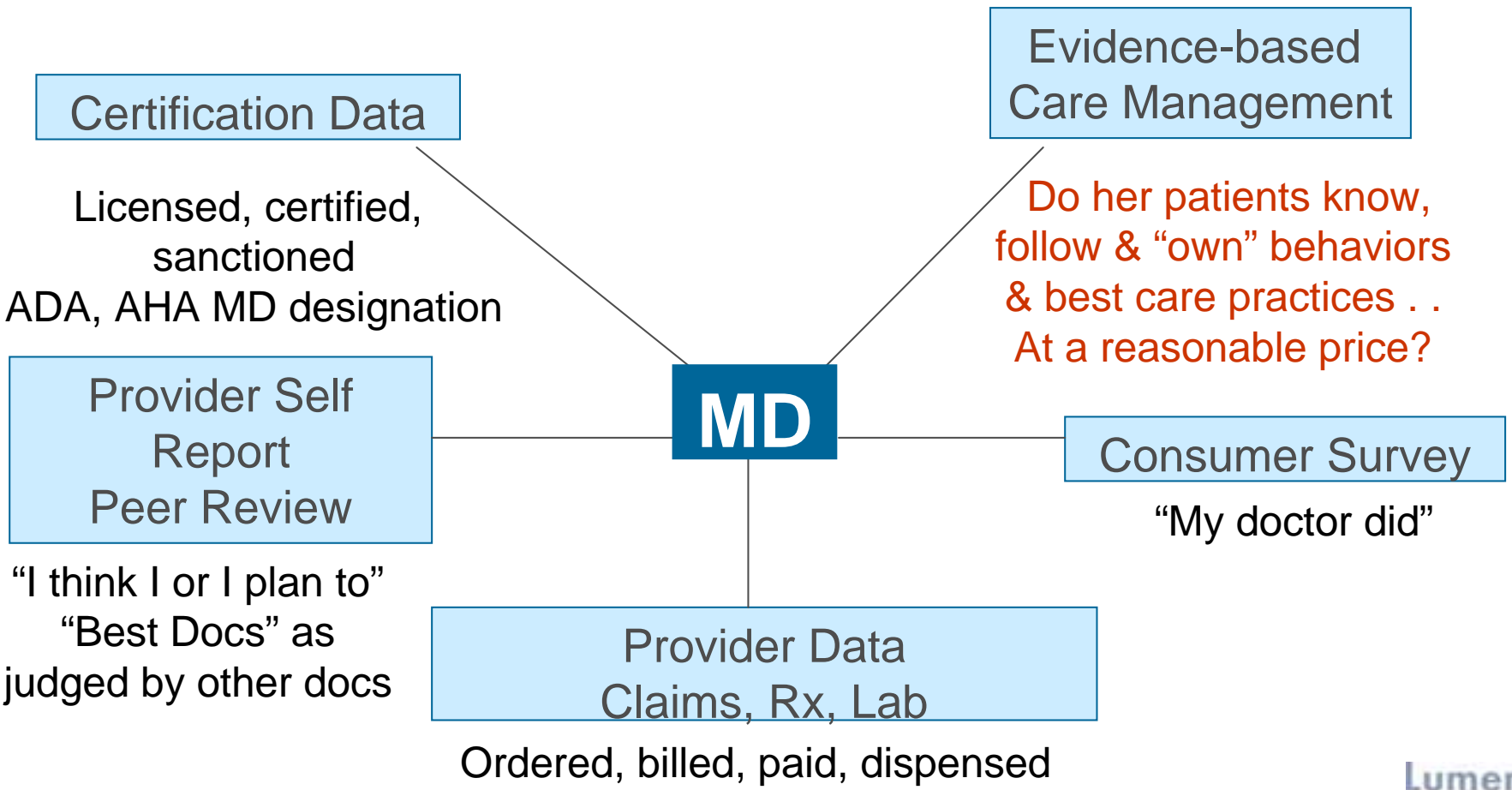
- Provider-centric data requirements do not capture critical consumer/patient outcomes
 - “Disease-specific patient competencies” for 15 IOM conditions not defined (but could be) and hence cannot be measured as “outcome” of care or quality of provider
 - Functional status and satisfaction with care
- Multiple vendors, proprietary systems make data integration even in rudimentary PHR, impossible
 - Health risk appraisals at worksite vice “integrated” Lumenos IT platform with WebMD and other tools
 - Onsite clinic occ med interactions with other physicians
 - Outpatient, inpatient, rehab (disability) transitions



Consumer-Focused “360 degree” Hospital Quality Vision



Consumer-Focused "360 degree" MD Quality Vision



“Pay for Performance” Perspectives



- WHO has to perform?
 - Lumenos pays consumers and believes that the market will then reward the best providers with volume and pricing
 - Consumer incentives should reflect provider incentives
- HOW should it be paid?
 - “Cash is King” and prompt rewards reinforce behaviors
- WHAT measures?
 - Consumer “mastery” of disease competency = “graduation”
 - Provider level metrics currently not uniform
 - Lumenos posting NCQA provider level recognitions for heart disease, diabetes and office-based quality tools/practices



Pay for Performance and Tiering Rollout

“Feedback on Version 1.0”



- Employees and consumers*
 - 70% don't believe such programs result in better quality
 - 51% believe it's a good idea to offer “bonus pay” to docs (vs 84% for teachers and 87% for sales clerks”
 - “I wouldn't BE with my doctor, if she was poor quality” (patient who's doc didn't make UHC's “top tier”)**
- Physicians and providers**
 - No prior notice, 40% eliminated from process for “not enough data”, proprietary claims methodology not shared, disrupting trusted specialty referral patterns

*Managed Healthcare Executive, December 2004

** “Health insurance program aimed at efficiency brings confusion, outrage”, St Louis Post Dispatch, 2/13/05



HIT/PHR Considerations In Consumer-Driven Health Care II



- CDHC will drive quality movement and HIT/PHR faster than other benefit designs
 - “My money: I don’t want to pay again when I don’t have to”
 - Disease competency, outcome and satisfaction measures sought as “quality”
- Connectivity and transparency ARE valued and will make consumers “vote with their feet”
- “Pay for Performance” will only work if consumers know and understand outcomes they are differentially paying for “matter” to them: health, fewer mistakes, lower cost, greater “value”



Impact on Health Care Stakeholders?



- “Medical-industrial complex” disruptions with “my own money”
 - Is the convenience worth 10X the cost? – Generally “no”
 - New emphasis on “breakthrough” vice “copycat” R & D
 - All “middlemen” redefining value
 - Surgical hospitals and “Centers of excellence”: lower (and transparent) unit costs and better outcomes?
- Hidden, shifted costs (& value questions) become explicit faster
 - How much are you willing (or should you) pay for GME?
 - Societal questions accelerated: end of life care, evidence-based vice usual care, “total cost of illness” vice “med loss ratio”
- Consensus on best of breed private, market-based functions vice public, “safety net” functions of government



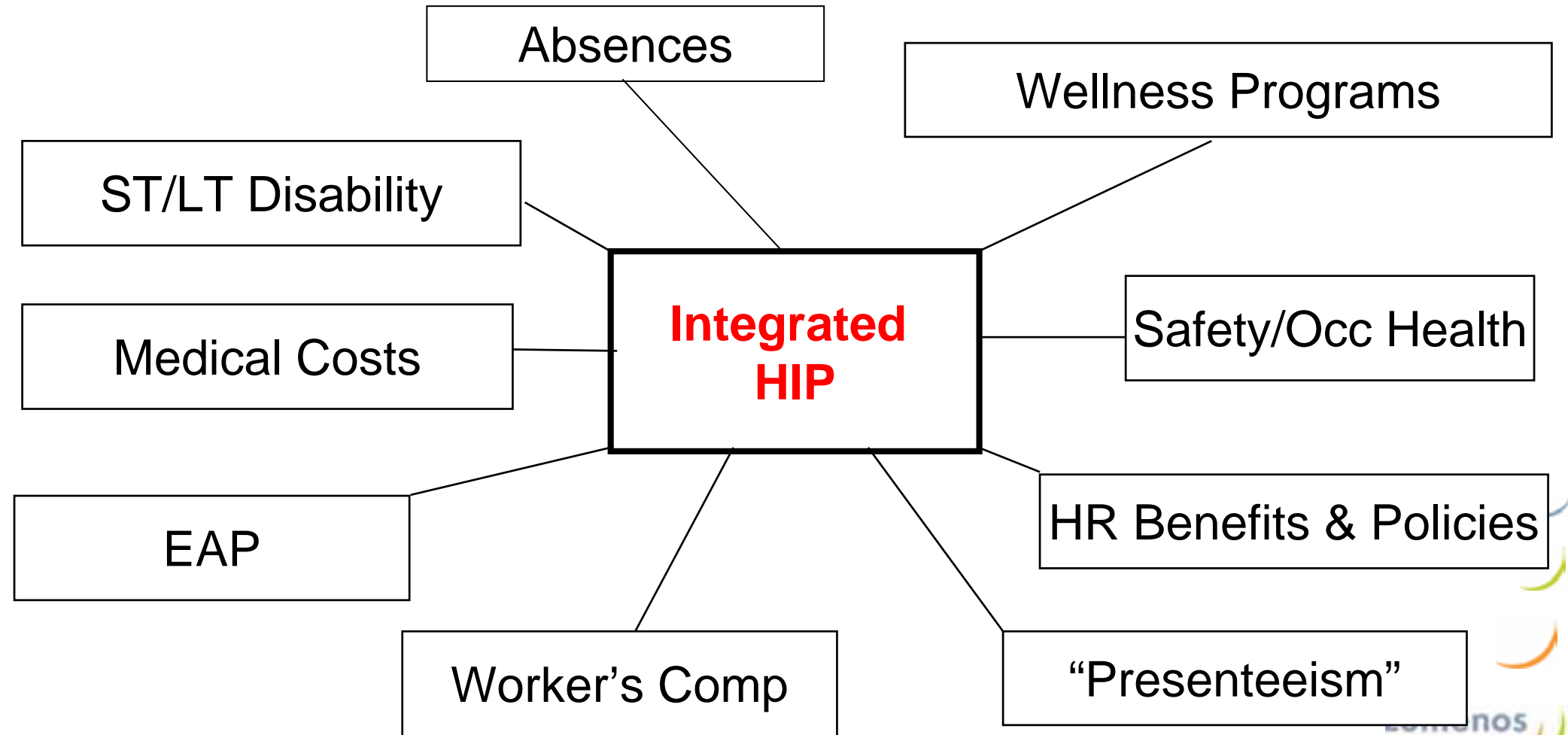
National Lab Test Provider: Strategic Consumer-Driven Thoughts



- More testing may not be better particularly when I “see” and “pay” for each
 - Prescription drug use as “canaries in the mine”?
- Genetic and “biotech” revolution will be tempered by more sophisticated decision support tools
- Connectivity, technology, patient & provider joint visibility and ease of testing may be more valued
 - These products and support services well-positioned
- Consumers will become forces to remove legislative, regulatory, and “usual practice” barriers to greater convenience and lower costs



Integrated Health Improvement and Productivity (HIP) Components



HIT/PHR Considerations In Consumer-Driven Health Care III



- Next generation integrated health and performance models will require integration beyond “medical care”
- Uniform federal or “public sector” data standards are necessary for widespread PHR adoption portability & connectivity
 - Lumenos employers urged to become proactive
- Consumers can drive PHR adoption once they understand value to them personally . . . Not “system”
- HIT/PHR infrastructure a public good – not proprietary competitive advantage
 - Plaque in Union Station!





Thank You!

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