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# Consumer and Physician Readiness for a Retail Healthcare Market

Changing the Basis of Competition



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## Changing the Basis of Competition

In 1998 Booz Allen Hamilton published a seminal article, “HMOs ‘r’ Us,” in which we anticipated the advent of consumer-driven health. While there were many skeptics at the time, and some still remain, much has changed since then as the industry has increasingly transitioned toward a consumer-focused paradigm. Traditional players and new entrants alike are staking out positions as the healthcare industry evolves from a wholesale to a retail paradigm. But how prepared are consumers and physicians to flourish under this new industry structure? Our study represents the next generation of research on the progress towards a retail market—and the results are eye-opening.

Supply and demand are the fundamental forces at work in retail consumer markets—and the drivers of innovation in most industries. Are those forces having an impact in the health industry as it transitions from a wholesale to a retail model? Booz Allen Hamilton recently commissioned Harris Interactive to conduct a survey that gauged the progress of this transformation, including such factors as the level of consumer engagement and expected changes in physician behavior to respond to the new market environment.

Based on online surveys of almost 3,000 consumers and 600 physicians, Booz Allen Hamilton’s research examines how these key stakeholders are making decisions today and to what extent each is behaving

in ways that are consistent with a future retail market. To our knowledge, this is the first study to examine the physician response to consumer-directed health plans and the interplay of supply and demand factors in developing a successful consumer-centric marketplace.

### Executive Summary

Our research suggests that people with greater cost responsibility (i.e., those enrolled in high-deductible health plans with or without associated savings vehicles such as Health Savings Accounts [HSA] or Health Reimbursement Arrangements [HRA<sup>1</sup>]) are beginning to act like true retail consumers—becoming more aware of both cost and quality differences, “shopping” for products and services, and expecting competition among providers and suppliers. We are in the early stages of this transition, however, and for many products and services consumers lack the ability to easily compare options and alternatives. Consumers appear encumbered by a lack of trusted health information and advice and appear to have divergent views from physicians concerning the role of physicians and other industry participants in providing that information.

### The Emerging Healthcare Consumer

Plan design appears to influence consumer behavior and perceptions. Consumers enrolled in high-deductible health plans with or without a savings option are more likely than patients enrolled in traditional health plans to perceive cost differences among providers and suppliers. Consumers also perceive variability in healthcare quality across providers and suppliers,

<sup>1</sup> Note: Definitions are provided at the end of the document.

### Major Findings

1. Consumers with greater cost responsibility are more aware of cost and quality differences in health products and services, but are only beginning to act upon this information to “shop” for value.
2. There are indications that consumers in plan designs with health savings vehicles are significantly more likely to extend their planning time horizons in terms of future medical expenses and are more willing to spend now to potentially avoid health complications later.
3. Consumers expect supply-side participants to compete, but in different ways depending on the product or service offered. Physicians and other service providers are expected to compete primarily on quality; health plans primarily on price; and pharmaceutical companies primarily on price and, to a slightly lesser extent, quality.
4. While consumers expect supply-side participants to compete, they lack the information and advice needed to compare alternatives and make informed choices. Complicating this situation, consumers and physicians have different emerging views on the most trusted and reliable sources of information.
5. Physicians place consumerism at the top of the list of issues that will affect their practices over the next three to five years, equal to or higher than much talked about pay-for-performance programs and evidence-based medicine. However, less than 20 percent believe that it will produce better outcomes or more rewarding patient-physician relationships.
6. There is a disconnect between the robust information that consumers expect physicians to provide versus what physicians themselves are willing or able to offer. The reluctance or inability of physicians to provide the cost, quality, and service information that consumers expect may give rise to opportunities for new intermediaries.

with relatively consistent views across plan types on where that variability exists. Consumers see greater variability in quality among various providers such as hospitals and physicians, than among products such as diagnostic imaging tests and prescription drugs. Physician perceptions of the degree of variability in clinical quality for different products and services are largely consistent with those of consumers.

Patients with more cost responsibility are more likely to try to manage costs and substitute lower cost alternatives for products and services, such as using generic instead of branded prescription drugs or a primary care physician instead of a specialist. All consumers seem very willing to switch medications prescribed by their doctor to get a minor or moderate price differential, and consumers with greater cost responsibility are even more likely to be willing to do

so. This suggests that these “engaged” healthcare consumers are beginning to act on perceived differences in cost, quality, and service with a minority of consumers actively shopping for alternatives.

### Planning for the Future

Plan design appears to influence consumers’ time horizon for healthcare decisions, as well as their willingness to spend money now to prevent potential health complications in the future. Patients in CDHPs, i.e., high-deductible plans that feature an HSA or HRA, are significantly more likely to plan for future healthcare expenses (up to a year in advance) than those in traditional plans or high-deductible plans with no savings option. They are also more likely to say that they would spend \$500 (and in some cases more) out-of-pocket now if it might lead to fewer health complications in the future.

### **Basis of Competition—Today and in the Future**

Most consumers expect providers and suppliers to compete for their business, but in different ways depending on the product or service offered. They see doctors and hospitals competing more on quality; health plans on price; and pharmaceutical companies primarily on price and, to a slightly lesser extent, on quality. Although consumers with greater cost responsibility are beginning to shop (i.e., make choices and substitutions based on perceived value), significant restructuring of the supply side is needed to encourage greater transparency and competition.

Nearly half of physicians surveyed expect they will have to compete more for patients in consumer-directed health plans in the next two to three years along a number of dimensions. Today, the majority of physicians believe they compete most on “personalization of service.” More than half see clinical quality and convenience as key competitive factors; less than a third believe they compete on the basis of price. While many physicians believe they will compete more for patients in consumer-driven health plans in the future, only about a quarter believe it will force them to lower the prices they charge and most are either uncertain as to the impact of these plans on their fees or believe it will have no effect.

In the future, nearly half of these physicians expect to compete more on documented clinical quality, but few intend to make available all of the cost or quality data consumers would find useful. Conceptually, most physicians appear open to their patients having access to quality data. Fewer were quite as comfortable making these data available to the general public. Some physicians are planning to improve access and offer new “high-touch” information services such as e-mail to communicate with patients regarding health information and specific diagnoses. The majority, however, are only making modest changes in the services and data they will provide.

### **Consumer-directed Healthcare—Here to Stay or Passing Fad?**

More than half of the physicians we surveyed believe consumer-directed healthcare is a significant and enduring trend that will affect their practices in the next

three to five years. Most physicians feel that it will be good for some stakeholders, but not for others. They see employers, and to a lesser extent, patients and health plans as the greatest beneficiaries of consumer-directed healthcare. They see themselves—along with pharmaceutical manufacturers and hospitals—as being most negatively affected in the new environment. Most physicians believe consumer-driven healthcare will cause patients to pay more attention to costs and service and about half believe it will lead to greater patient attention to quality. More than half of physicians surveyed express concern that it may lead to a reduction in utilization of necessary healthcare. Twenty percent or fewer of them believe it will produce better outcomes or more rewarding patient-physician relationships.

### **Trusted Information**

Both consumers and physicians want better information on the cost and quality of health products and services. Half or more of consumers are not at all or only somewhat satisfied with information on healthcare cost and quality available today. Those with greater cost responsibility are the least satisfied with the available information on quality—about 10 percent less than consumers in traditional plans. Physicians are typically more dissatisfied than consumers with cost data while less so with quality information.

Consumers say they would find a broad set of cost and quality data useful. Consumers and physicians disagree, however, on the most trusted sources of information. Consumers look to physicians as one of their top three most trusted sources for both cost and quality information. For their part, physicians believe they should remain a primary source for quality information, but are looking to health plans to provide cost data. The catch? Health plans, along with the government, pharmaceutical manufacturers, and employers, are consumers’ least trusted sources of cost and quality data. Consumers are also open to new, independent sources, such as *Consumer Reports*, to fill the information void. Physicians do not concur, ranking these organizations lower on their list of the best sources of information on healthcare cost and quality.

When it comes to prescription drugs, consumers designate pharmacists as their most trusted source for both cost and quality information. In contrast, physicians continue to expect a split role for themselves and other stakeholders. While they believe that pharmacists are good sources of information, they see themselves as the best source of information on quality and look to both pharmacists and health plans when it comes to cost information. Trusting the same source for both cost and quality information versus a mix of information providers underscores yet another disconnect between consumers and physicians—a disconnect that could exacerbate consumer and physician frustrations if not addressed.

## Conclusions

Despite the potential impact they believe consumer-directed healthcare will have on their practices in the next three to five years, many physicians do not appear to see their future role or behavior changing dramatically. A minority of physicians expects to expand offered services to provide more cost and

quality information to patients; and their efforts fall short of consumer expectations. A notable gap exists between the supply and demand sides of the equation—while there are indications that consumers may be beginning to act like true retail buyers and shop for value, many physicians are not responding to their demands for additional information, more competition, and an enhanced advisory role.

## Survey Findings

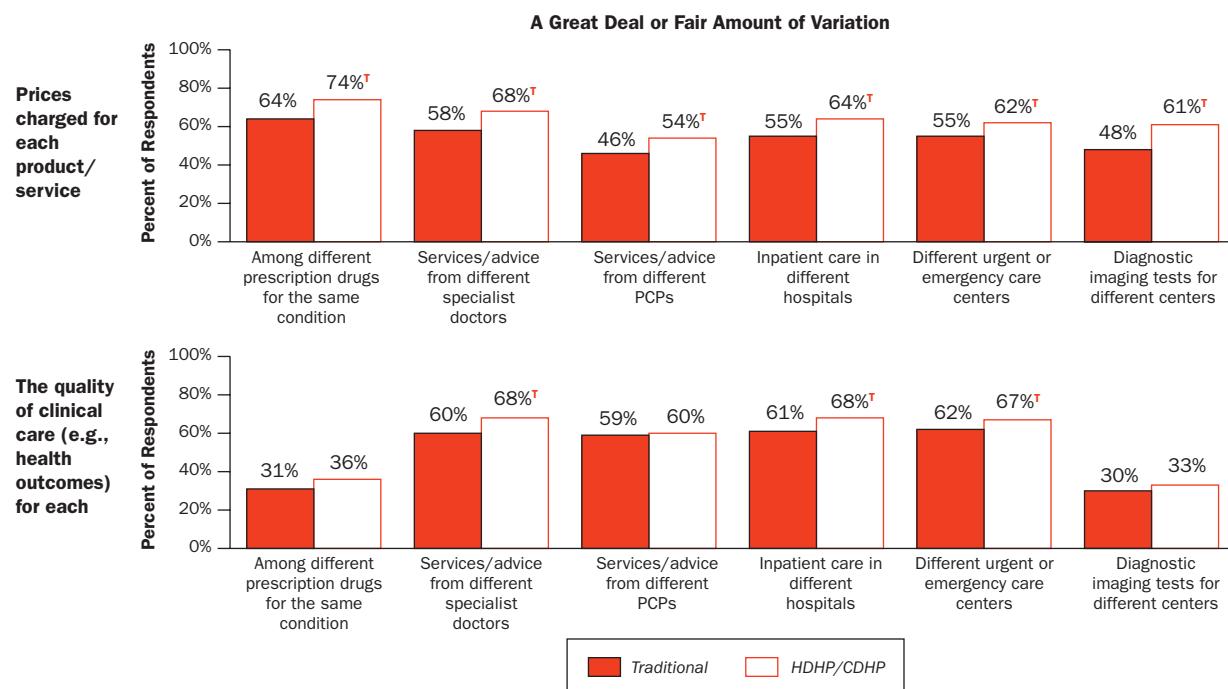
### Finding 1

*Consumers with greater cost responsibility are more aware of cost and quality differences in health products and services, but are only beginning to act upon this information to “shop” for value.*

Consumers with greater cost responsibility (for example, those in high-deductible health plans [HDHPs]; and consumer-directed health plans [CDHPs]) are more likely than those in traditional plans to discern greater variability in the cost of healthcare products and services (see Exhibit 1). Looking across

## Exhibit 1

Consumer Perceptions of Cost and Quality Variability Across Health Products and Services



Note: Statistically significant differences: <sup>T</sup>: Traditional  
Source: Booz Allen Hamilton Consumer Survey 2006

both pricing and quality, however, they saw healthcare product offerings such as prescription drugs and diagnostic imaging as significantly less differentiated on quality than on price.

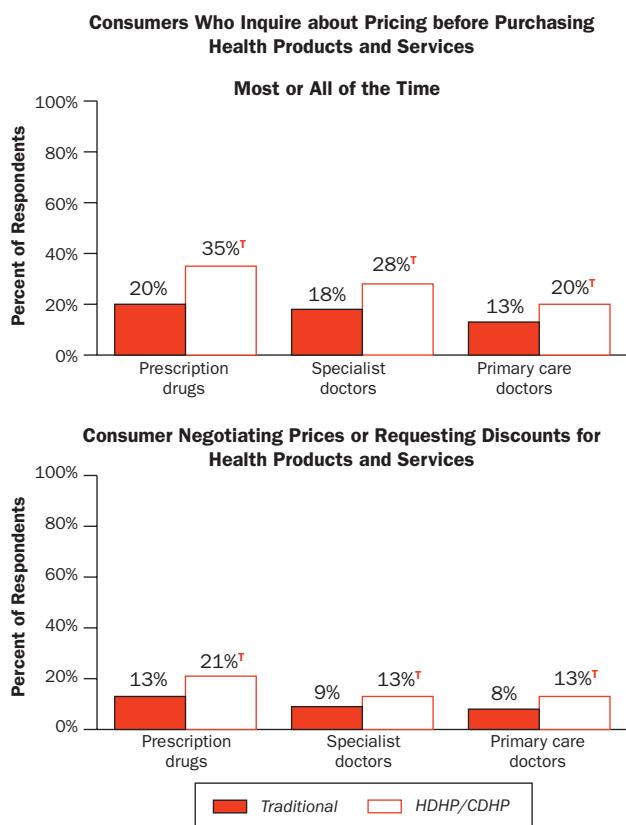
Consumers with a higher degree of cost accountability were more likely than those in traditional plans to shop—that is, to ask about healthcare costs upfront, to have tried to negotiate prices for healthcare products and services, and to be inconvenienced to secure lower prices.

Even so, only a minority was very active in managing healthcare costs. For example, about one-third or fewer of consumers in plans with greater financial incentives indicated they had asked about the price of products and services upfront, and fewer than one in five indicated having tried to negotiate prices (see Exhibit 2). Further, while these patients were more likely to have seen health information rating products

and services in the past year, less than half of those who saw information had used it to select prescription drugs; a primary care physician; or other provider such as a hospital, emergency room, or diagnostic testing center.

Consumers with more cost responsibility are more likely to substitute lower cost options for products or services. Nearly 40 percent reported being very or extremely likely to use a primary care doctor instead of a specialist for advice and treatment or to change prescription drugs to secure a lower price (see Exhibit 3, page 6). This substitution behavior is more pronounced with branded prescription drugs and their generic equivalents, with more than two-thirds of patients with more cost responsibility indicating a greater willingness to switch to a generic to save money. These findings may indicate that value is a relative term for retail health consumers—for some it is the lowest price, for others the highest quality, for still others a combination of factors.

## Exhibit 2



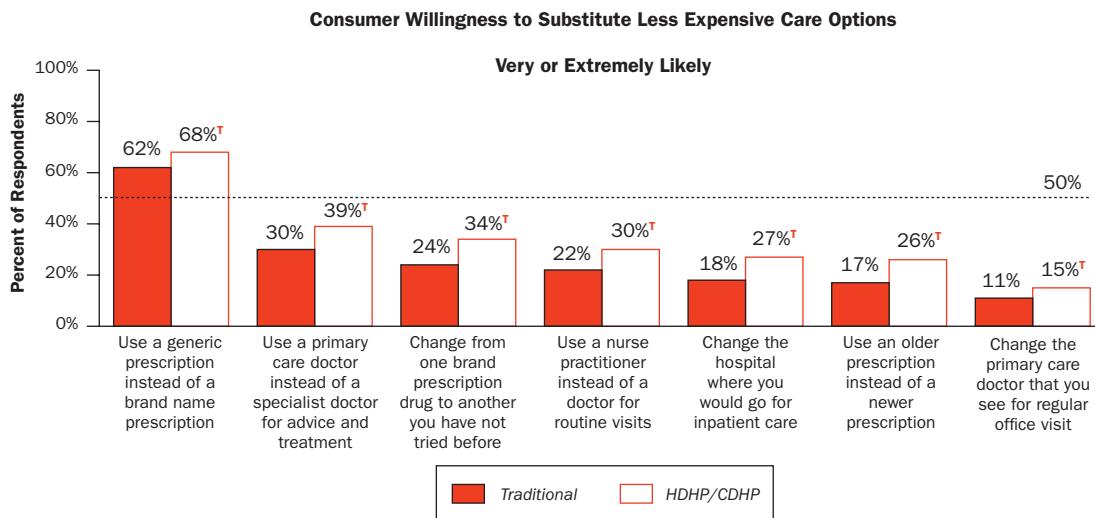
Note: Statistically significant differences: <sup>T</sup>: Traditional

Source: Booz Allen Hamilton Consumer Survey 2006

## Finding 2

*There are indications that consumers in plan designs with health savings vehicles are significantly more likely to extend their planning time horizons in terms of future medical expenses and are more willing to spend now to potentially avoid health complications later.*

Consumer-directed health plans (CDHPs) include savings vehicles, such as an HSA or HRA. Their members are notably different from others in terms of their stated likelihood of planning for future healthcare costs. Sixty-three percent of consumers in CDHPs indicate that they plan for future costs compared with 38 percent of patients in traditional or high-deductible plans (HDHPs) with no savings vehicle (see Exhibit 4, page 6). The time frame in which consumers plan, however, remains short. Most consumers who plan for the future currently do so up to a year in advance. Both CDHP and HDHP enrollees appear somewhat more willing than patients in traditional plans to spend money now to avoid health complications in the future. Approximately one-third of these consumers would pay an additional \$500 out-of-pocket today to avoid health complications in the future. A portion of CDHP

**Exhibit 3**

Note: Statistically significant differences: **T**: Traditional  
 Source: Booz Allen Hamilton Consumer Survey 2006

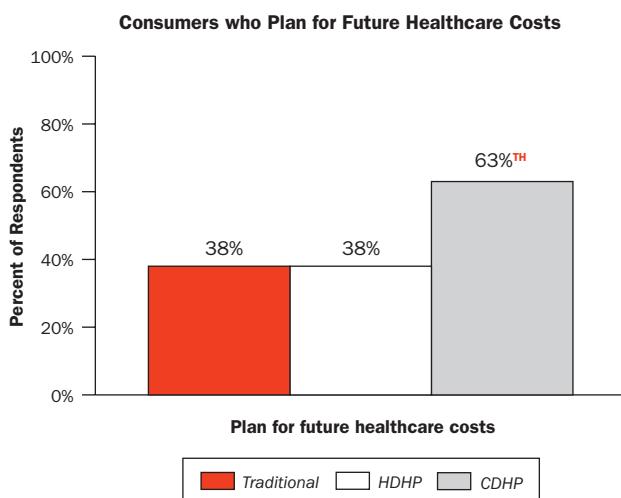
enrollees—18 percent—are even willing to spend up to \$2,500 to avoid possible future health issues (see Exhibit 5).

**Finding 3**

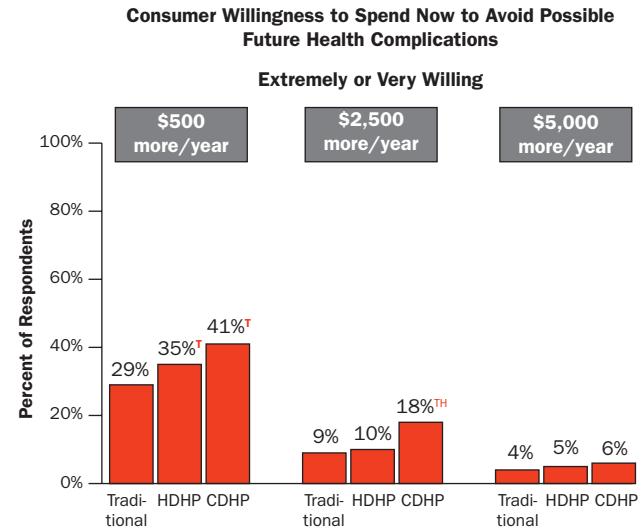
Consumers expect supply-side participants to compete, but in different ways depending on the product or service offered. Physicians and other service providers are expected to compete primarily on quality; health

plans primarily on price; and pharmaceutical companies on price and, to a slightly lesser degree, on quality.

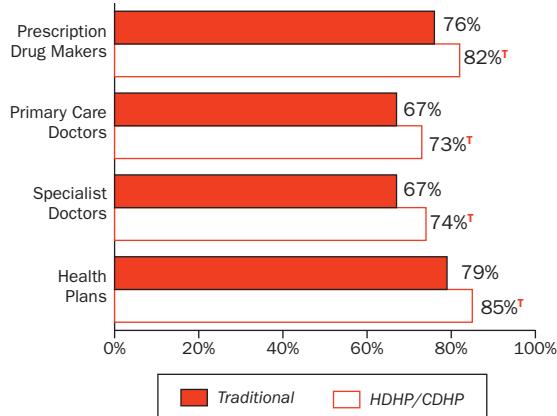
For an efficient retail healthcare market, transparency and competition are critical. Our survey shows that most consumers across all plan types expect providers and suppliers to compete for their business, but along different dimensions: doctors primarily on quality;

**Exhibit 4**

Note: Statistically significant differences: **T**: Traditional, **H**: HDHP  
 Source: Booz Allen Hamilton Consumer Survey 2006

**Exhibit 5**

Note: Statistically significant differences: **T**: Traditional, **H**: HDHP  
 Source: Booz Allen Hamilton Consumer Survey 2006

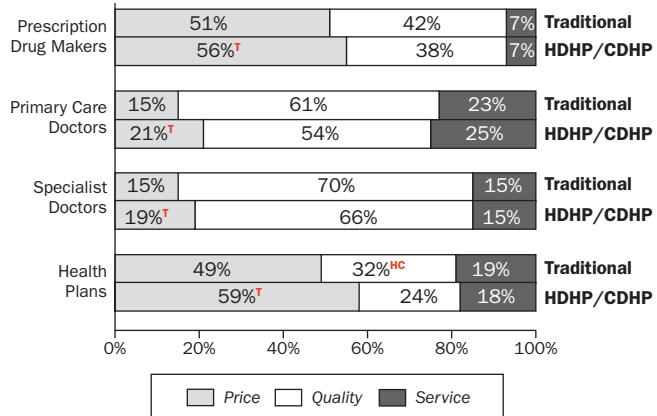
**Exhibit 6****Proportion of Consumers Who View Price, Quality, or Service as Important Factors for Competition**

Note: Statistically significant differences: T: Traditional, H: HDHP C: CDHP  
 Source: Booz Allen Hamilton Consumer Survey 2006

health plans primarily on price and, to a lesser degree, on quality and service; and pharmaceutical companies primarily on price and, to a slightly lesser degree, on quality. Consumers with greater cost responsibility have even higher expectations for competition. Within each category, it is interesting to note that the relative importance of each variable does not change substantially between consumers across plan types except for increased price sensitivity for health plans (see Exhibit 6).

Today, physicians perceive the basis of competition somewhat differently than consumers. Almost 60 percent of physicians surveyed believe they currently compete for patients based on clinical quality and an overwhelming 80 percent of physicians believe they currently compete on the basis of "personalization of service." Less than a third believe they compete today on price (see Exhibit 7).

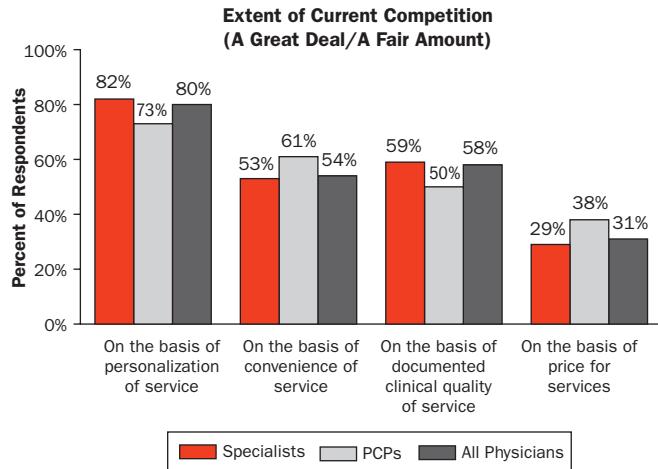
Pricing also does not appear to factor greatly in physicians' expectations for future market competition under consumer-directed healthcare. Only one in four physicians sees consumer-directed healthcare as forcing them to lower the prices they charge—most see no effect or are uncertain as to its impact. This finding is consistent with consumer views. Just 20 percent of patients who bear greater financial responsibility for their health costs feel it is important for physicians to

**Breakdown of Those Who View Price, Quality, or Service as Important Factors for Competition**

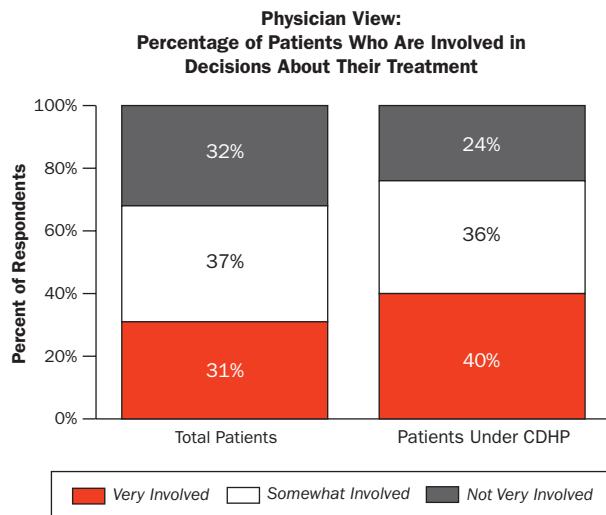
Price      Quality      Service

compete on price, while 55 to 65 percent focused on clinical quality as a key differentiator for physicians.

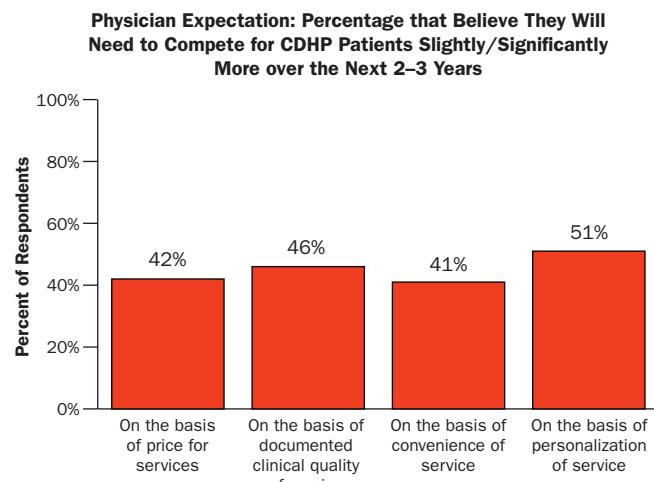
In the future, physicians generally believe patients in CDHPs will be more engaged in their own healthcare decisions (see Exhibit 8, page 8) and will demand that physicians compete more for their business along a number of dimensions. Nearly half of physicians, for example, expect to compete more on documented clinical quality in the future (see Exhibit 9, page 8).

**Exhibit 7****How Physicians Currently Compete to Secure Their Patients' Business**

Source: Booz Allen Hamilton Physician Survey 2006

**Exhibit 8**

Source: Booz Allen Hamilton Physician Survey 2006

**Exhibit 9**

Source: Booz Allen Hamilton Physician Survey 2006

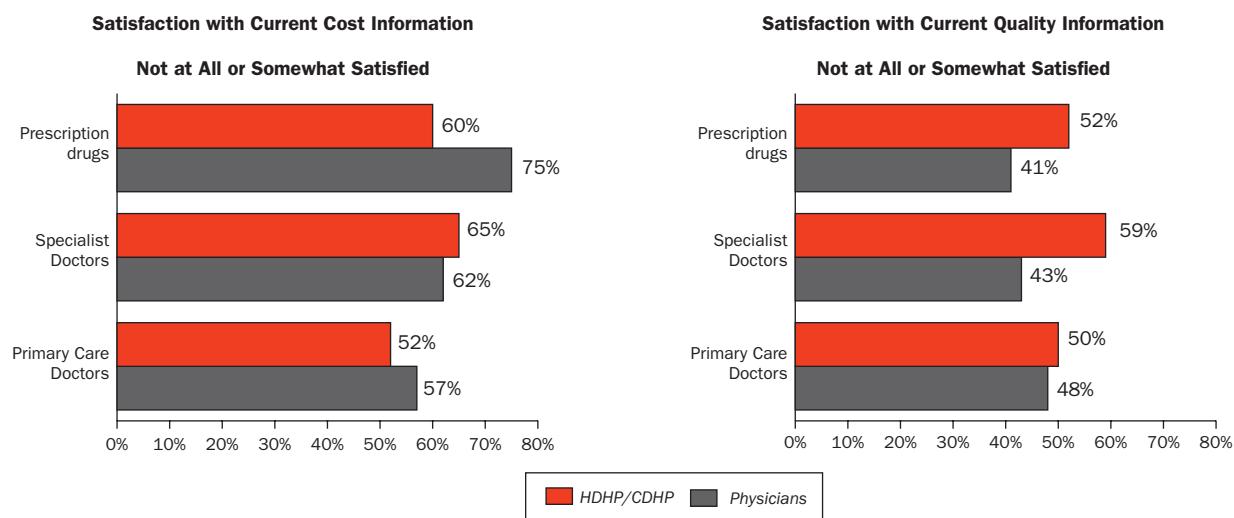
**Finding 4**

While consumers expect supply-side participants to compete, they lack the information and advice needed to compare alternatives and make informed choices. Complicating this situation, consumers and physicians have different emerging views on the most trusted and reliable sources of information.

Most consumers are not at all or only somewhat satisfied with the level of cost and quality information

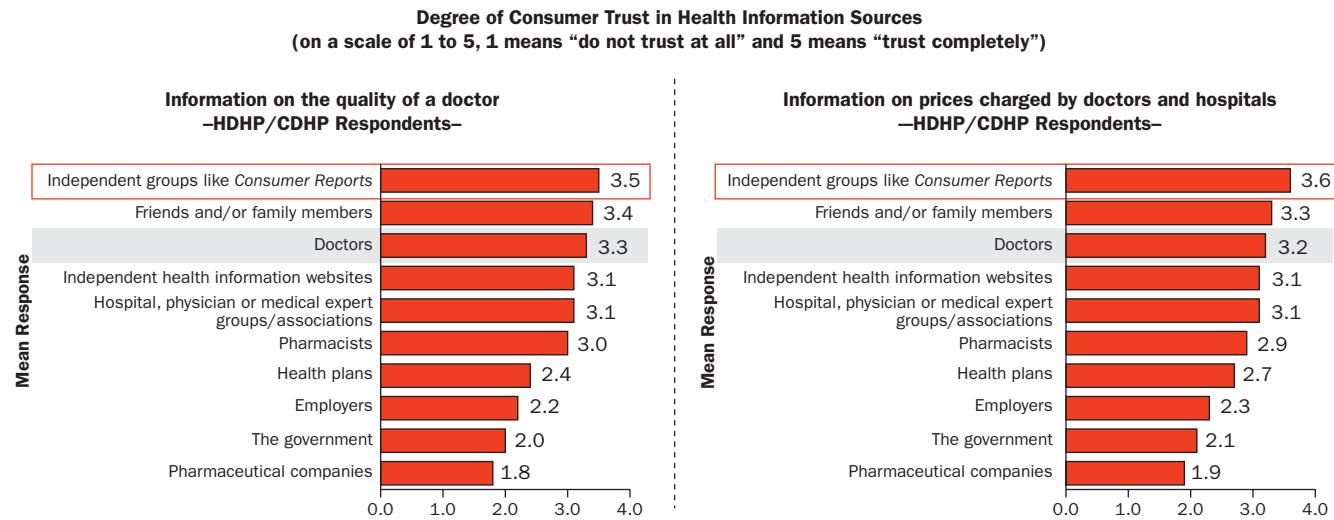
available today about healthcare products and services. Those with greater cost responsibility are least satisfied with the information available. Physicians are typically less satisfied than consumers when it comes to cost data, but to a lesser extent when it comes to information on quality (see Exhibit 10).

Consumers look to physicians as a trusted source of information for both cost and quality information,

**Exhibit 10**

Source: Booz Allen Hamilton Consumer Survey 2006; Booz Allen Hamilton Physician Survey 2006

## Exhibit 11



Source: Booz Allen Hamilton Consumer Survey 2006

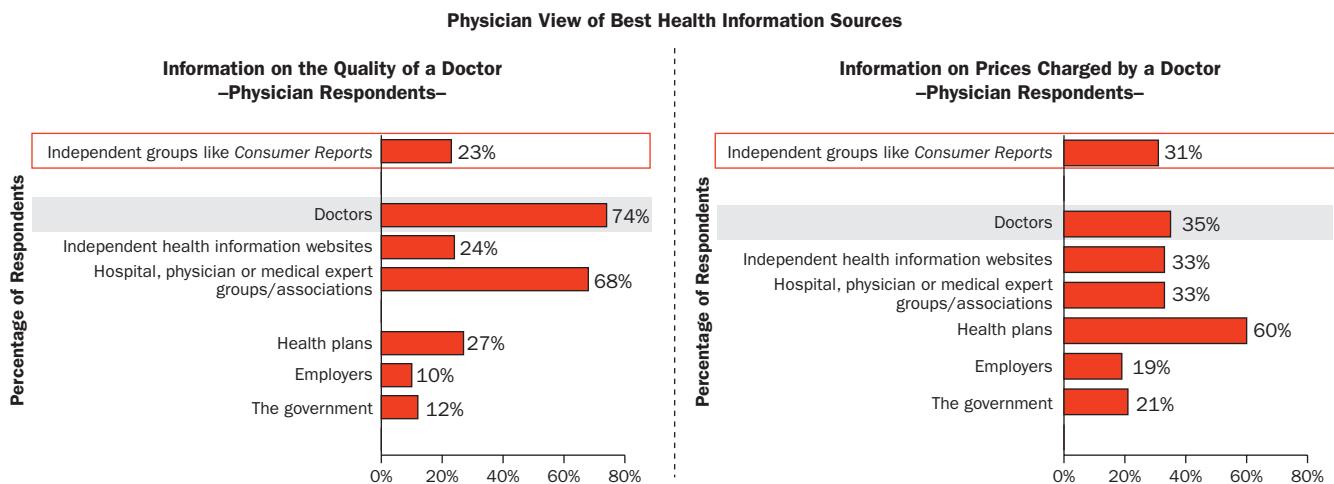
and to new, independent sources such as *Consumer Reports*. They also trust friends and family for information on physician quality and prices charged by doctors and hospitals (see Exhibit 11).

Consumers report less trust in health plans, employers, the government, and pharmaceutical companies for cost or quality information. This represents a disconnect with physicians. While doctors believe they are the best sources for quality information on physicians and prescription drugs, they

are looking to health plans to fill the information gap with cost data on physician prices (see Exhibit 12).

For prescription drugs, there appears to be an important role for pharmacists to play as information partners. They are at the top of the consumers' list of trusted information sources for both quality and pricing information for prescription drugs (see Exhibit 13, page 10). Physicians, on the other hand, look to multiple sources for cost and quality information on prescription drugs. For pricing, two-thirds of doctors consider

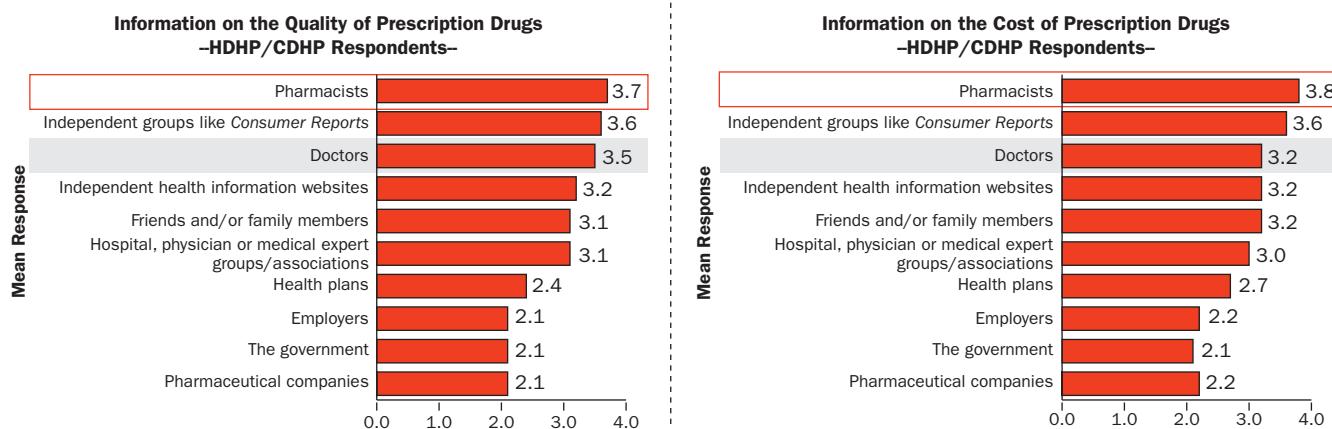
## Exhibit 12



Source: Booz Allen Hamilton Physician Survey 2006

## Exhibit 13

**Degree of Consumer Trust in Information Sources on Prescription Drugs**  
(on a scale of 1 to 5, 1 means "do not trust at all" and 5 means "trust completely")



Source: Booz Allen Hamilton Consumer Survey 2006

pharmacists the best source for drug prices though they also expect health plans to play a role in providing these data. Physicians see themselves as the best source of information on the quality of prescription drugs (see Exhibit 14). This disconnect between consumers and physicians—i.e., trusting the same source for both cost and quality information versus a mix of information providers—could lead to greater consumer and physician frustrations unless addressed.

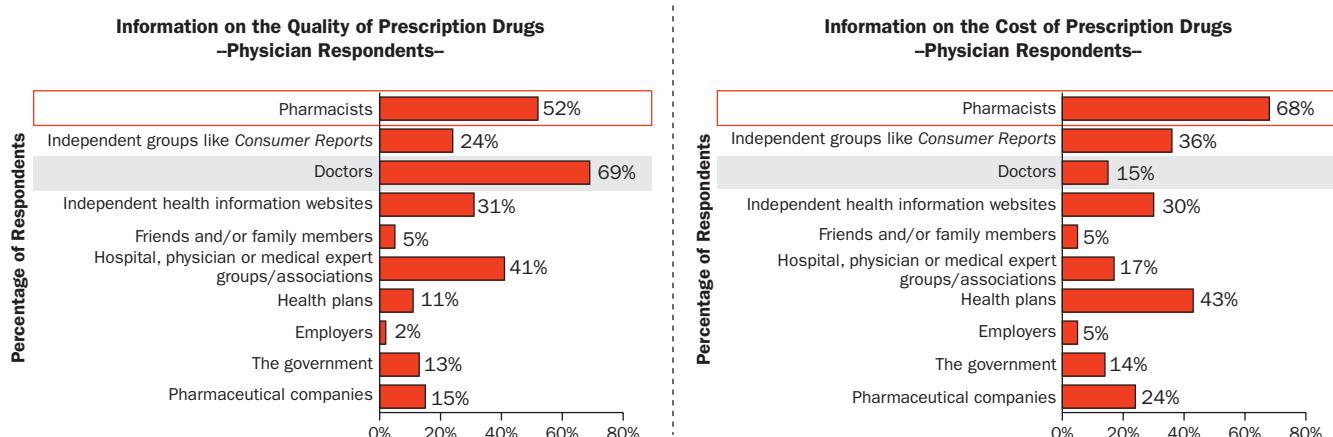
### Finding 5

Physicians place consumerism at the top of the list of issues that will affect their practices over the next three to five years, equal to or higher than the much-talked-about pay-for-performance (P4P) programs and evidence-based medicine. However, less than 20 percent believe it will produce better outcomes or more rewarding patient-physician relationships.

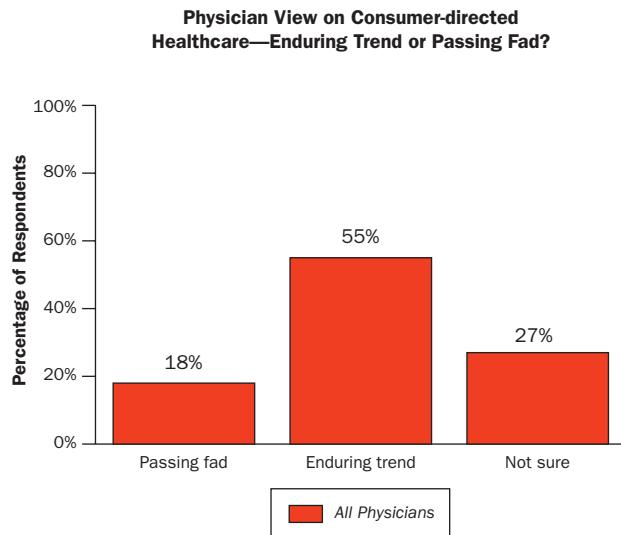
We asked physicians whether they thought consumer-directed healthcare was a passing fad or an enduring trend. Fifty-five percent described it as an enduring

## Exhibit 14

**Physician View of Best Prescription Drug Information Sources**



Source: Booz Allen Hamilton Physician Survey 2006

**Exhibit 15**

Source: Booz Allen Hamilton Physician Survey 2006

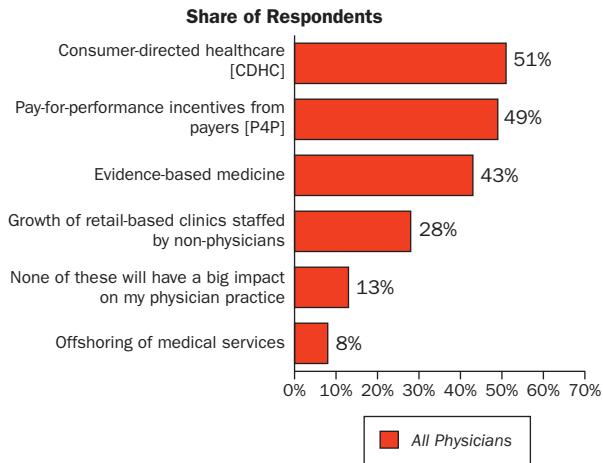
trend compared with 18 percent who viewed it as a passing fad (see Exhibit 15). Nearly nine out of ten physicians expected to see an increase in the share of their patients enrolled in high-deductible plans over the next three to five years. When asked to identify which of a series of initiatives or trends would have the greatest impact on how their physician practice would operate over that period, physicians chose consumer-directed healthcare most often—edging out trends such as P4P, evidence-based medicine, and the growth of retail-based clinics (see Exhibit 16).

When it comes to the potential impact of consumerism, however, most physicians have mixed views. Physicians believe employers, followed by health plans and patients, have the most to gain in this environment—and physicians, pharmaceutical companies, and hospitals have the most to lose. Approximately 40 percent of physicians surveyed thought consumer-directed healthcare would have a very or somewhat negative impact on hospitals, pharmaceutical companies, primary care doctors and specialists (see Exhibit 17, page 12).

Physicians' views are also mixed on the impact of consumer-directed care on their practices and patients. More than half of physicians surveyed felt it would lead to greater patient attention to healthcare clinical

**Exhibit 16**

**Physician View of Trends with Greatest Impact on Their Practice in Next 3 to 5 Years**



Source: Booz Allen Hamilton Physician Survey 2006

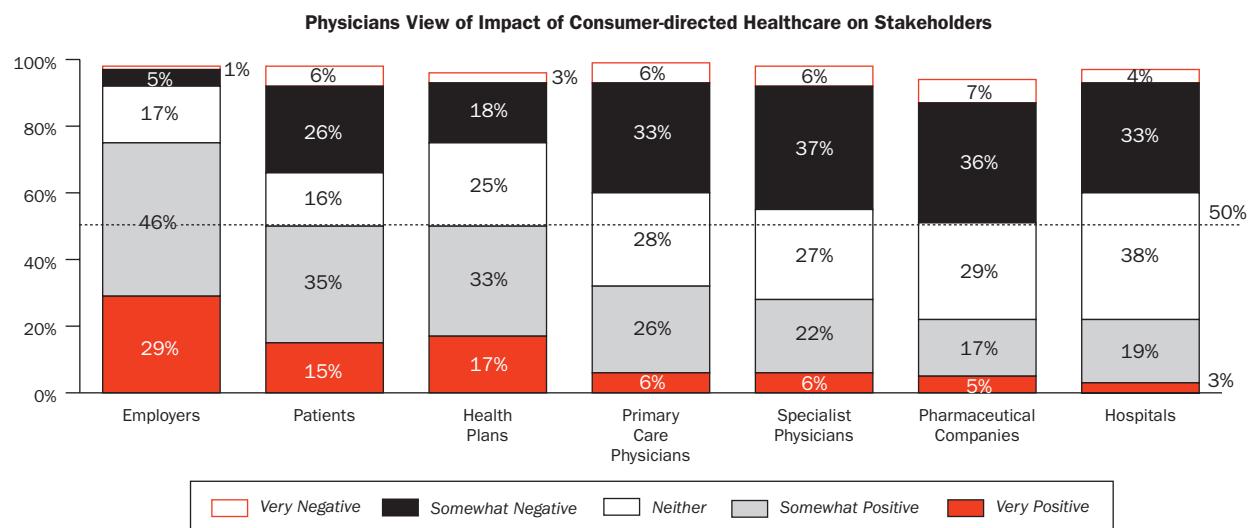
quality. Seventy percent expect it to lead to greater patient attention to the level of service received from providers, and 84 percent believe it will result in greater patient attention to healthcare costs. On the flip side, one in three physicians also thinks consumer-directed healthcare will have a negative impact on patients. They are concerned that patients will not visit a doctor, undergo medical tests, or take recommended medications. Few believe consumer-directed healthcare will lead to better outcomes or more rewarding physician-patient relationships (see Exhibit 18, page 12). Less than half believe that patients will adopt more preventive health behaviors, and a significant number—two out of three—expect physicians to see more bad debt.

**Finding 6**

*There is a disconnect between the robust information consumers expect physicians to provide versus what physicians themselves are willing or able to offer. The reluctance or inability of physicians to provide the cost, quality, and service information that consumers expect may give rise to opportunities for new intermediaries.*

All consumers appear hungry for more health information. Almost two-thirds of consumers with greater cost responsibility reported that they would

## Exhibit 17



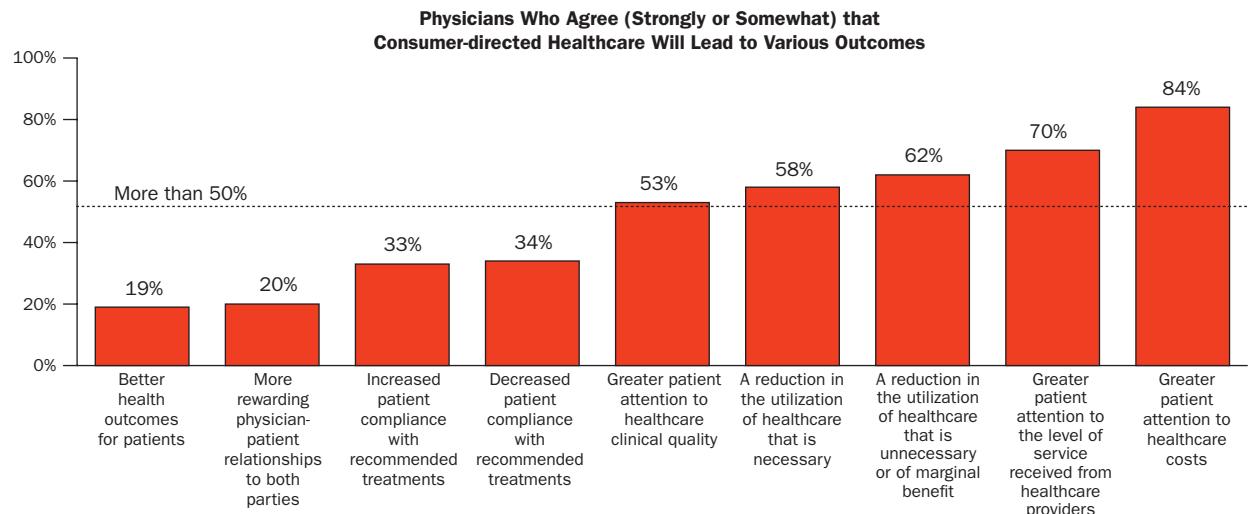
Source: Booz Allen Hamilton Physician Survey 2006

find data on expected out-of-pocket costs for a medical product or service very or extremely useful. A similar number would also find quality information about a provider's medical errors/safety rate for a specific type of treatment to be very or extremely useful (see Exhibit 19, page 13).

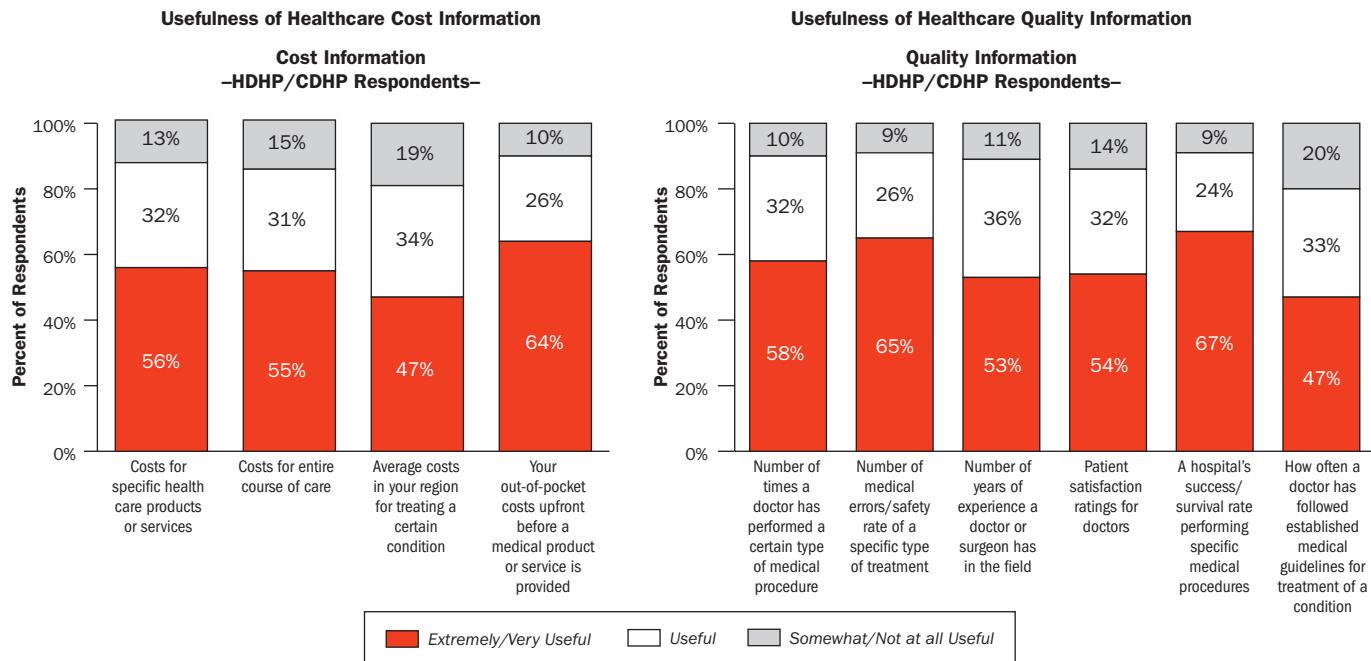
Few physicians, however, are taking steps to provide all the information patients want. Less than half either

currently make comprehensive quality data (e.g., safety record, patient satisfaction ratings, physician quality ratings) available or plan to do so routinely in the next two to three years (see Exhibit 20, page 13). A key question for physicians is who should have access to this type of information. Most physicians appear comfortable with having quality data made available to their patients, but only about half believe this information should be available to the general public

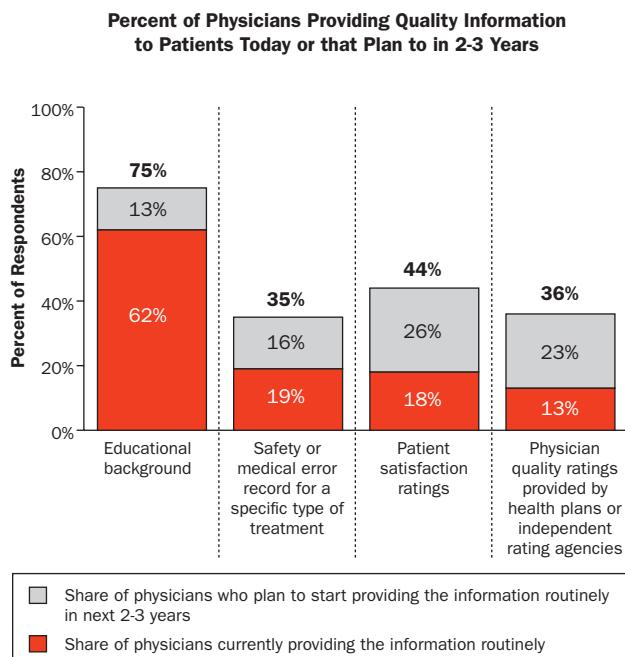
## Exhibit 18



Source: Booz Allen Hamilton Physician Survey 2006

**Exhibit 19**

Source: Booz Allen Hamilton Consumer Survey 2006

**Exhibit 20**

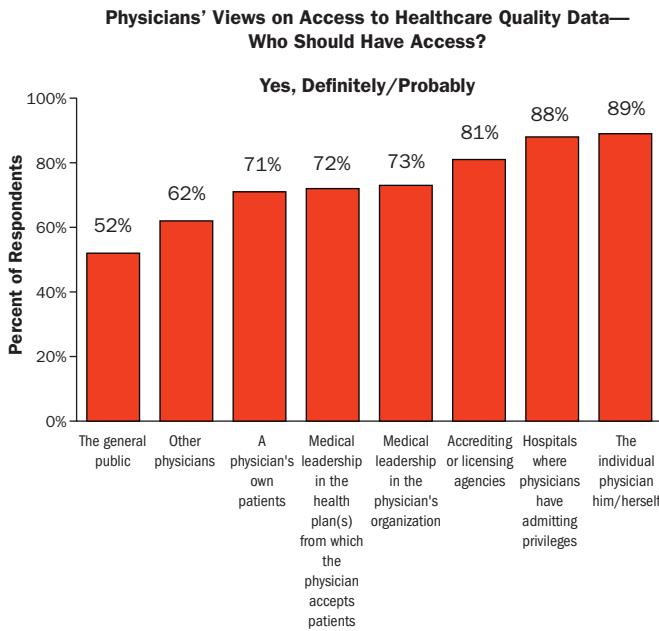
Source: Booz Allen Hamilton Physician Survey 2006

(see Exhibit 21, page 14). While physicians are open to sharing the data, it is interesting that less than one-third expect to use it themselves to make patient referral recommendations over the next two to three years.

Additional, better data is a step in the right direction, but it still falls far short of patient need. The disconnect between patients' and physicians' views of the most desirable sources of healthcare cost and quality information appears to offer an opportunity for other players, including third-party intermediaries, to enter the fray to provide desired information and potentially take on new, advisory roles.

**Conclusions**

It is clear that healthcare is in the early stages of a transition to a retail market. There is evidence that greater individual cost accountability found in HDHPs and CDHPs is beginning to influence consumer behavior and needs. At the same time, notable gaps exist between the supply and demand sides to create a robust and efficient healthcare market. Significant restructuring of the supply side is required to fill those

**Exhibit 21**

Source: Booz Allen Hamilton Physician Survey 2006

gaps and address the unmet consumer needs for cost, quality, and service information; consumer education; and enhanced decision support tools.

Several key questions are raised by our research, including: Who will step in to provide the information and advisory services some consumers want to use? Can current stakeholders who have traditionally served in intermediary roles—health plans and government, for example—reposition themselves

and become trusted sources of information and advice for consumers? Will physicians who currently appear either unwilling or unable to expand their role try to fill this void? Can other product and service companies assume new, value-added roles and deepen relationships that will help consumers and physicians prepare for a retail healthcare market? Or will new players emerge to fulfill these unmet market needs?

Going forward, much of the debate will focus on whether HDHPs and CDHPs can produce better outcomes and reduce costs over the long term. Our study and a review of existing literature suggest much will depend on the details of plan design—specifically what services are covered and at what cost-sharing levels. Early evidence published by some of leading health plans (e.g., Aetna, Cigna, UnitedHealth, and WellPoint) is promising, including better cost trends for members in consumer-driven plans as well as comparable (and sometimes better) use of preventive services. We believe further research is needed; specifically, a claims-based analysis of the long-term behavior of consumers in these plans. This analysis should control for minute differences in plan design that could affect consumer behavior—e.g., products and services that are exempt from the deductible such as annual physicals. This research would provide greater insight into how consumers use information, make decisions, and change behavior over time and how this varies across different segments of the population.

## Methodology

This survey was conducted online within the United States by Harris Interactive on behalf of Booz Allen between June and August 2006 with 2,969 consumers enrolled in private insurance plans (ages of 18 and 64) and with 600 physicians, including both primary care practitioners and specialists. In order to reflect the results to the populations under study, the consumer data were weighted by age, gender, education, income, race, and insurance plan type; the physician data were weighted by age, gender, region, and specialty. Harris Interactive's standard propensity score weighting was also used to adjust for respondents' propensity to be online.

## Consumer Survey Breakdown

All participants were enrolled in private health insurance plans—that is, purchased through their employer or self-purchased—at the time of the study.

– Traditional plans	1,620
– High-deductible plans	1,051
– Consumer-directed plans	298

## Physician Survey Breakdown

– Primary Care Physicians	200
– Specialists	400

## Definitions (Used in Our Research)

**Traditional plans:** Health insurance plans with a deductible less than \$1,050 for individuals with single coverage and less than \$2,100 for those with family coverage. These plans typically include Preferred Provider Organization (PPO), Point-of-Service (POS) and Health Maintenance Organization (HMO) products. These health plans have lower deductibles than HDHPs and CDHPs, lessening the cost accountability of members.

**High-deductible health plans (HDHP):** Health insurance plans with a deductible greater than \$1,050 for individuals with single coverage and greater than \$2,100 for those with family coverage. These health plans give enrollees greater cost responsibility than traditional plans and more financial incentives to manage costs.

**Consumer-directed health plans (CDHP):** High-deductible health plans with qualified savings options; Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA). These health plans give enrollees greater cost responsibility than traditional plans and more financial incentives to manage costs with an additional savings component.

**Consumer-directed healthcare (CDHC):** Generally refers to members in CDHPs and HDHPs, but also used to indicate "consumerism" as a broad market trend.

With pure probability samples of 2,969 and 600, there is a 95 percent probability that the overall results would have a sampling error of +/- 2 and +/- 4 percentage points respectively. Sampling error for data based on sub-samples would be higher and would vary. However, that does not take other sources of error into account. This online survey is not based on a probability sample and therefore no theoretical sampling error can be calculated.

Harris Interactive collected the data presented in this report. Booz Allen Hamilton performed most of the analyses with the consumer data presented here.

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**Also contributing to this viewpoint were Cindy Vanderlinde-Kopper, Danielle Rollmann, Bela Prasad, and Jeffrey Hung.**

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