



Technology Ushers in Health Care Consumerism

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What once was considered a technology-phobic industry, health care providers are offering exchanges of information and new tools to make consumers more attuned to their health care spending.

Industry observers have long predicted that health care "consumerism" -- giving patients better tools and information to make informed decisions on how their health care dollars are spent -- will take hold across the country, but only with an influx of technology have such predictions gained any traction.

Consumerism includes consumer-driven health plans (CDHPs), health savings accounts, health retirement accounts, "pay for performance" plans, or any portal that allows the free flow of health care information to consumers.

"Consumerism will dramatically realign traditional relationships between hospitals and physicians, providers and payors, and providers and employers," says Bill Hannah, a principal in KPMG's Advisory Services practice in Atlanta.

"Traditionally, hospitals were where physicians practiced and the physician was in control of where their patients came to see them. With consumerism, the patient has the ability to compare quality data, and choose a different hospital if they decide to."

Reduced Coverage, More Consumerism

Historically, there has been little benefit for patients to shop for their health care, as employers and insurers picked up the tab. But employers are pushing back, and their employees are faced with reduced coverage, forcing them to pay more of the bill.

"Employers are shifting more of that first-dollar coverage to employees, making them more responsible for cost of care," Hannah says. "And part of the employer's role will be to better support their decisions by providing the tools they need to make better informed decisions."

In a survey of 2,000 adults conducted by the Regence Group, a Blue Cross/Blue Shield-affiliated health insurer in the Northwest, 70 percent said they are seeking out information such as price and quality for medical services. Almost half said they would be "very likely" to compare provider quality, seek out information from reputable medical sources and to rely on the reputation of the service provider.

Health insurance premium increases have leveled off in 2007, in part due to enrollment in CDHPs. According to Mercer Worldwide, the percentage of employees enrolled in a CDHP (based on either a health-savings account or a health-reimbursement account) has risen from 3 percent last year to 5 percent of all covered employees.

The study also found that CDHPs delivered substantially lower cost-per-employee than either PPOs or HMOs in 2007. Annual CDHP costs averaged \$5,970 per employee, compared to \$7,120 for HMOs and \$7,352 for PPOs.

Despite the attractive numbers, change has been slow.

"There is a lot of talk about change in health care but nothing seems to happen," said Stephen Case, chairman and CEO of Revolution Health, at the **World Healthcare Innovation and Technology conference in Washington, D.C.** "But this is an exciting time in the industry and something is bubbling that will lead to tremendous innovation."

The co-founder and former chairman of America Online, Case said that technology and regulatory changes will result in greater exchange of information between providers and patients.

Providers' electronic medical records systems are often walled off from each other or even from departments within the same hospital system, but that model is changing: "Centralized systems will break down and open systems will prevail," Case said.

Others said that consumerism represents a move toward the idea that health care is simply another market like any other.

"Consumers are going to make [health care] decisions based on what they know and about what they need, just like other things in their lives," said Roy Schoenberg, CEO, American Well Systems, a health care technology company focused on consumerism, at the conference.

"If you look at other industries and see why they have successful business models, it's because they all provide a selling venue," he said. "Imagine the travel site Expedia having a venue where all a traveler is able to do is gather information on a flight but they were unable to make a purchase -- that's where health care is today."

Paging Virtual Doctors

American Well Systems is launching a service that will allow members to log on to a network of physicians available online to diagnose patients via Webcams. Not only does this provide an informational model, Schoenberg said, but a venue where health care is being purchased. Patients can purchase several levels of membership based on frequency of their "visits."

Health insurer Humana is offering "Virtual Me," which gives consumers a venue to take control of their health behaviors. The online product resembles a personal health record; patients can upload their health care information and plot health outcomes.

"This product can show costs, personal appearances and long-term benefits or consequences to health-related choices," Grant Harrison, a Humana vice-president, said at the Washington conference. "It gives the consumer an opportunity to track their choices and foresee where they will be in years to come."

But with all these new initiatives and information available, there are responsibilities on how this information is presented to the consumer.

"The information, both written and verbal, must be in a way that consumers are able to understand their options, navigate the complex health care system and be able to act on that information by making good decisions about their health," says KPMG's Hannah. "That information must not only be available but it has to be comprehensible."