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**An Employers' Guide to  
Healthcare Consumerism**

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# TABLE OF CONTENTS

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<b>INTRODUCTION</b>	5
<b>CH I Consumerism in Healthcare: The Next “Best Thing”?</b>	
Why Consumerism?	7
Theory vs. Reality	9
How Are Providers Reacting?	11
<b>CH II A New Way for the New Millennium</b>	
Current Drivers of Consumerism	16
Critical Success Factors	17
<b>CH III Financing Vehicles to Promote Demand Control</b>	
FSAs	20
HRAs	20
HSAs	22
Strategies for Use of Accounts	24
The Future?	26
<b>CH IV The Supply Side: Supportive Services &amp; Programs</b>	
Preventive Care: the Promise of Wellness	27
Disease Management: the Promise of Controlling Chronic Conditions	32
Information Therapy and Other Tools	34
<b>CH V Information &amp; Decision-Support: The Promise of Transparency</b>	
1st Generation Decision-Support	38
2nd Generation Decision-Support and Beyond	39
<b>CH VI Plan Design: One Framework for Consumerism</b>	
Roadmap to Change	43
1st Generation Plan Design	44
2nd Generation Plan Design and Beyond	45
<b>CH VII Regulatory Issues: Enablers or Impediments</b>	
Tax Policy Implementation	47
The Promise of Tomorrow	49
<b>CH VIII A European Perspective on Healthcare &amp; the Impact of Consumer Choice</b>	
Perspective on Healthcare Financing	53
Supportive Policies, Tools and Processes in Europe	54
<b>CH IX Who Needs to Change &amp; How Do We Make it Happen?</b>	
What Do Physicians Need to Do?	60
What Do Consumers/Patients Need to Do?	63
What is the Role of Employers & Health Plans?	66
What is the Role of Government?	68



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# INTRODUCTION

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In September, 2001, Wye River Group on Health Care (WRGH) published the Employers' Guide to Patient-Directed Healthcare Benefits, widely viewed as a landmark document in helping to shepherd in a new era of health benefits. This Guide defined a variety of models along a continuum of what was being referred to as defined contribution. Since that time, public policy and the marketplace have moved rapidly to enable the adoption of tools and policies to broaden these financing concepts to a model of medical consumerism.

We recognized even then the inherent pitfalls in viewing this movement as merely an alternative financing mechanism, and were anxious to ensure that the concepts did not fall into the managed care trap of the 1990s, where managing costs took precedence over managing care. Alongside many others, WRGH has worked to encourage honest evaluation of progress, and to facilitate public policy changes that optimize the advantages of prevention and consumer empowerment, while mitigating potential risks to the underprivileged and those with chronic disease.

Encouraged by our allies in the healthcare, business, and public policy communities, WRGH and its affiliate Foundation for American Health Care Leadership, once again worked with a broad array of interests to develop An Employers' Guide to Healthcare Consumerism.

This Guide is an effort to frame the promise of healthcare consumerism, which represents a true sea change in how all stakeholders view and participate in American healthcare, while being realistic about its challenges. Each chapter provides a perspective on different key elements for an effective transition and explores the roles and reactions of payers, providers, and consumers.

Chapter I takes a step back in time to examine the trends that have influenced health policy and healthcare delivery over the past 50 years. Next, the myths and realities about healthcare consumerism, as espoused by advocates and detractors, are considered. Finally, the chapter looks at the reaction of those stakeholders who will strongly influence its success or failure—the provider community.

Chapter II defines what we mean by healthcare or medical consumerism and describes the drivers of the movement and how they are influencing the marketplace and public policy. This chapter further highlights critical success factors for the future.

Chapter III provides a detailed description of the on-going evolution of the financing mechanisms, known as personal care accounts, developed to enable greater individual choice and control. The implications for current and emerging roles and interactions between employees and their employers are considered.

Chapter IV highlights the importance of seeing this movement as something beyond just developing new ways to finance healthcare services. It focuses on the supply side of the healthcare equation and the importance of improving the health of the entire population, by shifting the paradigm from illness care to prevention and chronic care management.

Chapter V makes the case for transparency. Cost and quality information must be readily available in a comprehensible form in order to help individuals evaluate care options in real time, before and after they are sick.

Chapter VI presents one framework for considering different generations of consumer-directed health plans and the key components of each. Ideas under consideration by employers and health plans to meet new challenges are described.

Chapter VII provides a detailed look at current regulatory enablers and barriers to constructive change. The chapter also provides an instructive analysis of what can and should be done to promote a consumer-driven marketplace with adequate consumer protections.

Chapter VIII looks at challenges and trends in healthcare consumerism in several European nations. It offers constructive insight into what learning is transferable to the US and why.

Chapter IX examines the social and behavioral changes that will be necessary to advance the consumer movement and avoid unnecessary pitfalls.

We are indebted to a number of individuals who drafted and edited various chapters of this book. Ron Bachman, President & CEO of HealthVisions, Inc and a former Senior partner with PricewaterhouseCoopers provided a great deal of the content in CH II, III, IV, VI and VII. Terry Humo, Terry Humo Benefit Compliance, formerly with Marsh, contributed significantly to CH II and III and was primary author of CH VII. He also was a critical resource in ensuring general legal and regulatory accuracy. Catharina Maulbecker, PhD, Vice President, Marketing & Sales, CAS, provided us with her insight into medical consumerism in European countries as primary author of CH VIII. CH V on transparency was drafted by Scott Werntz, Vice President of Product Development and Robert Sanchez, Product Development Director of Consumer Engagement Initiatives with Caremark.

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