



## SEBC Fall Fly-in

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In a speech in Cape Town in June 1966, Robert Kennedy said:

There is a Chinese curse which says 'May we live in interesting times.' Like it or not we live in interesting times. They are times of danger and uncertainty; but they are also more open to the creative energy of men than any other time in history

# Employers are Demanding More Value



## Government is also driving change through:

- Accountable Care Act (PPACA)
- Medicare Shared Savings Programs (ACO's)
- New requirements for quality and reporting
- Pay for Better Quality (STAR)
- Changes in administration of CMS (Medicare / Medicaid)

## Quotes from Employers

- “We want to reduce our annual healthcare costs (not trend) by 15%, ...”
- “We’re willing to **exchange access and choice** for affordability and value...”
- “**Discounts alone are not sustainable...we need lower total costs...**”
- “Where do you have **innovative models** in place with providers that ...”
- “We’re interested in **clinically integrated narrow networks** that can reduce our costs...”

# Consumers are making more informed buying decisions



## Driven by:

Transparency related to Cost (Example: [healthcarebluebook.com](http://healthcarebluebook.com))

Transparency related to Quality (Many online tools - Leapfrog)

Used to be: Traditional 80/20 model - driven by brand

Then: High Deductible Plans – \$2,500 - driven by price

Next stage = Value (Best quality for the best price)

## Consumer buying behavior (in priority order with Price and Brand very close):

- Price (low cost/high quality)
- Brand (trusted local)
- Benefit Design (customized)
- Services (customized)
- In 2014, many employers may opt to give employees a health care allowance in order to select and pay for their own health insurance on the Health Insurance Exchange (HIE)
- Engaging consumers, especially online, will be key
- Member loyalty and the “stickiness” of the patient experience will be even more important

## The Health Care Industry appears to be Re-organizing around the following key Strategies and Tactics:

- Triple Aim – better care, better health, reduced per-capita costs
- Provider Quality / Outcomes (also rewarding top performers)
- Patient Centeredness / Engagement (holding patients accountable)
- Health Information Exchange – from all sources (creating a community health record for each patient)
- Performance based payment structures (payer to provider)
- Population Management (focus of resources on the highest risk)
- Transparency (of provider performance)
- Health Insurance Exchange – changes how health care is purchased and by whom

## Benefit Consultant Challenges:

- Understand the new benefit structures that incorporate the strategies and tactics stated in the previous slide
- Gain a deeper understanding of providers (primarily hospitals and physicians) – who are the quality providers in your market?
- Develop new methods to compare and contrast the various health care delivery and payment models
- Incorporate higher levels of transparency in your analyses
- Understand the impact of Data Integration and Health Insurance Exchanges
- Review the history of Medicare Advantage (plan level) and compare this to the roadmap for Medicare ACO's (provider level)
- Review the history of the travel and stock broker industries when on-line exchanges appeared for their industries