



White Paper

# Consumer-Directed Healthcare: Increasing Healthcare Efficiency by Enabling Patients to Make the Right Healthcare Choices

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In the next several years, consumer-directed health plans have the potential to transform the healthcare market, much as managed care did two decades ago. Like managed care, consumer-oriented health programs promise to rein in the ever-rising cost of healthcare. But that is where the similarities end. In its early days, managed care tightened its belt largely at the expense of consumer choice and power. Consumer-directed health plans, on the other hand, have the potential to reduce costs and improve quality while giving patients an unprecedented level of control over their healthcare choices.

Along with control, however, comes responsibility – the responsibility of consumers to make informed and sound decisions. In our fragmented, complex and often confusing healthcare system, it is difficult to envision handing over control to patients. But with the right tools, contained within a solid patient relationship management (PRM) program, plans and employers can equip consumers to successfully oversee their own healthcare. This paper explores the requirements of a well-conceived, well-executed PRM program, which has at its core the following concept: when consumers are enabled to make smart healthcare choices – both from a financial and a medical perspective – everybody wins. Payors reap cost efficiencies and reduced costs; employers benefit from increased productivity and satisfaction; and empowered consumers enjoy increased autonomy and choice, as well as improved quality of care.



## Driving Forces behind Consumer - Directed Health Plans

Many analysts contend that consumer-directed plans are here to stay. While only a small number of employers now offer these types of plans, experts predict this number will increase ten-fold over the next year.<sup>1</sup> Numerous factors have made the time right for a consumer-directed healthcare model, beginning with several years of double-digit healthcare cost increases.

After years of providers and insurers shouldering much of these cost hikes, it was inevitable that consumers would eventually be required to share some of the burden. Towers Perrin predicted a 16% increase in the cost of large employers' health costs this year, making 2003 the fourth consecutive year of double-digit increases.<sup>2</sup> Advocates of consumer-directed care argue that once patients control the purse strings and are no longer insulated from the true cost of medical care, they will make smarter use of healthcare resources.

The changing relationship between patients and the healthcare system also bodes well for the future of consumer-directed care. Still smarting from the dictates of managed care, especially in its earliest incarnations, patients are calling increasingly for more choice and control over their care. Consumer-directed care empowers patients, even allowing them to spend money on services traditional health plans may not cover, including complementary medicine and health clubs. New changes in the tax law will also enable consumers to roll over the unspent funds.

## Defining Consumer-Directed Health Plans

What exactly is a consumer-directed health plan, also called defined contribution, self-directed, consumer-focused and consumer-driven plans? While there are numerous variations on the same theme, they were all spawned by the consumerism trend, a trend that casts the patient in the role of rational customer, seeking the best care at a reasonable price. It's also a trend that puts patients at the center of the complex healthcare web, making the financial and medical decisions about their care.

According to Towers Perrin consultant Paula Wickland, consumer-directed plans typically couple catastrophic coverage with a healthcare reimbursement account (HRA), which is a lump sum of money to be used for the healthcare needs of the patient's choosing. Wrapped around the HRA are educational resources and decision-support tools that help patients determine how to manage their healthcare needs, within their personal budgets. "One of the key components of most of the consumer-driven health plans that we're seeing is that they're supported by technology. So they have Web-based health-care information, health risk assessments and nurse lines," said Wickland.<sup>3</sup>

<sup>1</sup> Benefits Quarterly, Second Quarter 2003.

<sup>2</sup> "The Rising Tide of Healthcare Costs: How to Avoid Getting Swamped," Teleweb Seminar sponsored by the International Foundation of Employee Benefit Plans, presenter Paula Wickland, Towers Perrin, December 9, 2002.

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These channels provide consumers with convenient, cost-effective access to reliable, user-friendly information and support.

While the HRA is the centerpiece of this type of plan, it is often supplemented with specialized programs that address specific, costly conditions or health events. Such services include disease management and large case management.

**Same species, different names:**

**HRA** - healthcare reimbursement account

**MSA** - medical savings account

**FSA** - flexible spending account

**PMF** - personal medical fund

## Success Requirements for Consumer-Directed Health Plans

At the heart of any consumer-directed health plan is the requirement that consumers take a much larger role in healthcare decision making. But is this realistic in a healthcare system where health records are scattered among providers and there is little coordination among caregivers? Is this possible when medicine increasingly offers sophisticated treatment options beyond the ken of average patients who are already confounded by the current system?

Patients enrolled in consumer-directed health plans face a dizzying array of questions, from the medical — “how do I best manage my asthma?” to the financial — “how much should I spend on preventative care and screenings?” to the qualitative — “which hospital has the best results for bypass surgery?” Clearly, patients could be left adrift if they are not given the support necessary to make the myriad decisions now largely made for them. This assistance becomes especially critical to patients when they are most vulnerable, for example, during periods of illness when judgment may be compromised because of pain, medication or fear.

The consumer-directed healthcare revolution must go far beyond simply sending the bill to the patient. The key to success is to ensure that all of the information and services fit together and make sense to a patient. To do this, plans and employers must offer patients a blend of decision support, education and navigation, as well as good coordination of care among providers, including:

**Information and education** — on how consumer-directed healthcare works and how to choose a plan that meets their specific healthcare needs. Education is critical because it’s likely that employees will always have a choice between consumer-directed plans and more traditional ones.



**Easy, multi-channel access** — to all sorts of information, including the nuts and bolts of administering their benefit plan, disease information, their own comprehensive patient record and comparative quality data on facilities and providers.

**Single point of access** — to the healthcare system where patients go for everything from help with longer-term decision making to symptom triage to coordination of care. Again, this access point must be multi-modal, accessible and interactive.

**Sharing critical patient information** — a way for multiple providers to better coordinate care.

Gartner consultant Janice Young sums it up this way: “Healthcare payers and employers that focus on information delivery, consumer education and collaborative administrative and clinical interactions will have a revolutionary effect on improvements in how healthcare is funded and delivered.”<sup>4</sup>

## Developing Patient Loyalty through PRM and the Patient Concierge

Insurers will discover that to successfully implement consumer-directed health plans, they will need to embrace PRM. Like its counterpart in the business world — customer relationship management — PRM strives to turn patients into loyal “customers.” It does this by forging personal relationships with patients, committing to understand and support their needs through superb communication, and providing better access to relevant patient data. PRM lends coherence to what is typically a fragmented system by bringing together all of the disparate pieces of patient care, learning from each interaction and finally using that knowledge to provide individualized, targeted care.

The vision of PRM becomes a reality through a telephonic and Web-based patient concierge service, providing that critical single point of access to the healthcare system. The patient concierge service is available 24 hours a day, 7 days a week to answer any type of question a caller might have — from symptom triage to referrals to health education. This highly personalized, accessible and interactive service supports patients in the countless ways required in the consumer-directed health plan model. Here are a few examples of how the patient concierge program works:

Scenario #1: Patient Concierge guides a young, healthy 30-year-old woman, Rebecca Smith, who is a new member of a consumer-directed health plan.

**Choosing a PCP.** Rebecca goes to the health plan’s Web site to find out how to select a physician. After reviewing her options, she decides to call

<sup>4</sup> “The Consumer-Focused Health Plan: Trends and Technologies 2003,” presented at Healthcare Business and IT Summit, by Janice Young, Gartner, Inc.



the patient concierge service to get more specific information. The patient concierge nurse asks her some basic questions about her medical history and then explains that a primary care physician can be a family or general practitioner, an internist or a gynecologist, and how they differ in approach. She helps Rebecca choose a physician from the plan's panel, based on her priorities: reasonable rates for office visits, evening hours and email accessibility.

**Enrolling in a class.** During the medical history taken during this call, Rebecca mentions that she occasionally suffers from asthma. This triggers a computerized reminder to the patient concierge system to ask Rebecca if she would like to participate in the asthma disease management program. Rebecca declines to be transferred immediately to the disease management program but says it would be fine if the program calls her. The system automatically sends a message to the disease management vendor to call the patient about enrolling.

**Taking a survey.** As the call wraps up, the nurse invites Rebecca to take the online Health Risk Assessment, reminding her that her employer will add \$100 to her healthcare reimbursement account if she completes the survey.

**Postscript:** *Two days later, the asthma program enrolls Rebecca and sends an update to her patient profile so her providers and the patient concierge service are apprised of her participation. This update triggers a follow-up email a few months later from the patient concierge service, asking if she has been satisfied with the disease management program and whether she has any other questions.*

Scenario #2: Patient Concierge guides Samuel Brown, 63 years old, who has diabetes and heart disease.

**Triaging.** Samuel calls the patient concierge service because he has very severe cold symptoms and is unsure whether he needs to be seen by his physician. The patient concierge nurse assesses the severity of his symptoms and advises that he see his physician within 24 hours.

**Disease management.** A flag is sent to Samuel's diabetes disease management nurse to alert her to his illness. She calls to make sure he is continuing to manage his diabetes.

**Referring, educating and gathering feedback.** The following day, Samuel calls the patient concierge service to say that his physician recommends that he have a dilated eye exam. He needs help finding a network ophthalmologist who specializes in diabetic retinopathy. The patient concierge finds a provider near him and then asks him if he would like her to send him some information about the procedure, which he does. The patient concierge then triggers a follow up survey to gather the patient's feedback on the physician.



**Answering insurance questions.** Samuel also asks whether the procedure is covered by his insurance, and he is told that it is.

#### Conclusion

Consumer-directed health plans hold significant promise as a way to contain the ever-growing cost of care for employers and employees while improving patient satisfaction. By removing the layers that keep patients insulated from the real cost of care, consumer-directed health plans will encourage patients to be more conservative in their resource use and more demanding of high quality.

But to make consumer-directed healthcare an attractive option for patients, plans and employers must provide them with the right tools to make it work for them.

## IntelliCare Makes a Difference in PRM

As more health plans begin adding consumer-directed options to their menu of offerings, increased attention will focus on the patient relationship management services and the technologies that enable them. The IntelliCare vision is to provide a technology-based service that facilitates the patient concierge by helping people access the most appropriate resources for their healthcare needs and facilitating the flow of information across programs and healthcare providers.

IntelliCare's proprietary software application, IntelliView, provides a customizable administrative framework that is configured to support the workflow and content resources (either best-of-breed as provided by IntelliCare, or integrated with third-party content) to accommodate client preferences. This flexibility enables clients to access IntelliCare's national network of contact centers and clinical staff while integrating across multiple healthcare programs and partners.

Relevant patient information is collected from the various programs and providers and stored within one unified patient profile. Actionable information can then be shared with other healthcare partners.

IntelliCare's distributed network provides for skill-based routing to establish "*virtual centers of excellence.*" These are specialized pods of clinical expertise, across multiple treatment modalities, and might include physicians, nutritionists and social workers, for example. These pods guarantee top quality clinical expertise across multiple modalities.

Accountability is at the core of the IntelliCare philosophy — *accountability to patients, health plans and employers.* The patient concierge service includes a feedback loop to collect patient satisfaction data, as illustrated in



the above scenarios. The IntelliView system can identify all service referrals then load them into a follow-up queue to ensure that the patient's needs were met by the referral. For the health plan or employer, IntelliCare's *integrated reporting provides insights across multiple service vendors* and includes call management statistics, program utilization numbers and patient satisfaction information. This invaluable data enables payers to analyze the effectiveness of individual programs or vendors.

#### About the Authors

Craig S. Russell, IntelliCare's chief marketing officer, provides strategic direction to the company with an emphasis on business development, branding and new product innovations. He has over 20 years of experience in the employer, managed care and healthcare decision support industry. Mr. Russell was formerly the President and CEO of CareWise/SHPS in Seattle, WA.

Victor C. Otley III is the founder, chairman and CEO of IntelliCare. In his 15 years of healthcare business management experience, Mr. Otley has built market-leading service and technology companies, developed state-of-the-art healthcare information processing applications and established the largest private healthcare claims processing company in New England.

#### About IntelliCare

IntelliCare, Inc., provides services and technology for intelligent patient and provider healthcare communications. Founded in 1997 in Portland, Maine, the company operates the largest network of medical contact centers in the United States and was ranked the 118th fastest growing technology company in North America on Deloitte & Touche's 2002 Technology Fast 500. More than 225 hospitals, health systems, health plans, group practices and employers nationwide outsource their call center operations to IntelliCare or use the company's technology to effectively and efficiently improve access to quality care.

IntelliCare is investing millions of dollars in the development of a cost-effective technology platform to support PRM, to be released in 2004. The company's distributed medical contact center model, flexible and integrated solutions, intelligent application technology and healthcare expertise make it uniquely suited to deliver on the promise of PRM.

**For more information about IntelliCare, please visit [www.intellicare.com](http://www.intellicare.com).**

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