

\$170

\$265

Price Check

More tools are needed to make consumer-driven health care work.

by Dr. Stephen Neeleman

With the surprise midnight passage of the Tax Relief and Health Care Act of 2006, the lame-duck 109th Congress did its part to expand and accelerate the consumer-driven health-care movement. Now the CDHC industry also must improve the user-friendliness of health savings accounts, making the concept even more lucrative and accessible to the millions of Americans who could benefit from the tax-advantaged plans.

Development in the CDHC industry has been steady, and as awareness builds, the number of HSA-covered lives is projected to grow dramatically. It is possible and actually expected by industry companies, that HSA growth will follow a pat-

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tern similar to the rapid growth of 401(k) accounts in the early 1980s—a déjà vu of sorts for defined contribution strategies. These predictions are off to a strong start; according to America's Health Insurance Plans, the number of HSA-covered lives in early 2006 was just under 3.2 million and growing.

While the growth potential and changes in the industry are exciting, the CDHC movement has created a fair amount of work for consumers who have embraced these plans. Consumers will no longer be able to take a passive stance about their health care, nor will they be able to ignore the actual cost of services they receive. With a relatively new financial incentive to find the lowest-cost health-care providers (with quality remaining a large factor), consumers are beginning to shop around. This is a fundamental shift

Key Points

- The consumer-driven health-care movement has created work for consumers who now have a financial incentive to get the best price for quality health care.
- Legislative efforts encourage the health-care industry to do business more openly.
- Tools such as pharmacy cost comparisons, client advocates and nurse hot lines help consumers save health-care money.

from previous practices in the industry, and consumers need abundant information about prices for such things as health-care procedures and prescription drugs.

Comparing Prices

But unlike traditional shopping, consumers can't just flip through the Sunday newspaper ads or cruise through the mall to find the best prices. The health-care industry is being coaxed through legislative efforts to become more transparent

about medical costs. This leaves consumers the options of finding out all the information for themselves or paying one of the few online groups that offer this service.


Theoretically, consumers should do all the research they can: get on the Internet and find out about their condition and treatment options, including risks and benefits associated with them. Call around to find the average price for certain procedures. Ask friends and colleagues for referrals. But people are busy. Time limits the ability of consumers to make the many phone calls necessary to figure out the average price of an MRI on their lower back—particularly when the industry does not make decision-making resources readily available.

In the past, the HSA marketplace has been dominated by administrators who don't provide tools beyond the account itself; most consumers have deposited their funds in such an institution. And more banks are continuing to join the competition. According to a national survey conducted by Grant Thornton International, 63% of banks plan to offer HSAs within the next three years.

Businesses eager to make money on HSA spreads often have jumped quickly into the marketplace while neglecting the tools needed to make comparison shopping easy for consumer-driven health plan users. Consumers who opt to have their HSA

By the Numbers:
Health Savings Accounts
In 2007...

- **22%** of employers will offer HSAs.
- New HSA-covered lives will exceed **8 million**, bringing the HSA-insured total to **18 million**.
- Online portals and other integrated offerings will surge in the **4th quarter**.
- Average accounts will pass the **\$1,700** mark.



Source: Information Strategies, Inc.

administered by a bank will have a place to build and deposit their funds but will not have help beyond that for their health-care decisions. This has, in fact, led to consumer dissatisfaction with their consumer-driven health plans. A Nov. 2006 study by the Kaiser Family Foundation found that when compared with enrollees in traditional health plans, people in consumer-driven plans were less likely to agree with the statement "my health plan is easy to understand," by a margin of 79% to 64% in agreement, a significant statistic.

Looking for Help


Clearly, Americans will look for alternatives that increase their ability to navigate the health-care sector. In a culture where consumers buy peanut butter and jelly mixed in the same jar to save time, people can't be bothered to do an exhaustive amount of research whenever they have to make a health-care decision. Consumers will look beyond accounts that are strictly financial and will begin to look for accounts that come with access to tools that fill their health-care information needs, such as research portals and cost comparisons. This trend, albeit a smaller one than the entrance of banks into the marketplace, is already beginning to emerge.

But what if consumers can suc-

ceed without these tools and can spend their dollars wisely? It's a happy ending, right? Most likely copies of medical bills with complex coding will arrive all too soon. Which medical expenses are qualified? What is tax-deductible? How should records be kept? Consumers who use these accounts must be willing to find the answers to these questions and take responsibility not only for their own health care but also for all the administrative work that comes with it. Without help, the administrative aspect of individual or family health care can be a big enough hurdle to prevent people from taking advantage of consumer-driven plans.

To solve these problems, consumers will eventually demand a truly "consumer-driven" product. This product will likely feature some of the following components: self-diagnostic tools, pharmacy cost comparisons, nurse hot lines, client advocates and treatment cost comparisons. In addition, hospital rankings on cost and quality as well as extensive account management services will also be required. One good start has been the value-driven health-care movement led by the U.S. Department of Health & Human Services, which is pushing for price and quality transparency among America's interoperable health-care system.

Once given these tools, consumers who use HSAs will be able to save even more of their health-care dollars. For example, self-diagnostic tools and nurse hot lines can help with appropriate downgrading of care. Pharmacy cost comparisons can provide information on generic drugs that can replace expensive brand-name drugs. And client services representatives can help clear up medical coding errors and walk consumers through the details of their health plan. Many companies have already moved to include these in their offerings, and more are planning for it in the future.

With these tools in place, shopping for health care doesn't need to be daunting. 

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