

# Consumers Show Limited Knowledge On CDHPs

By Rick Byrne

Though consumer-driven health plans have become almost a price-of-entry product for health insurers, a survey conducted recently by Great-West Healthcare suggests that consumers aren't quite ready to make the most of them.

Great-West Healthcare, which serves 88,520 Illinois members with PPO products according to HealthLeaders-InterStudy Research, has found growing appeal for its consumer-driven products in the state. It claims 2 million members nationwide, and a network of 4,200 hospitals and 530,000 providers.

Cindy Donohoe, vice president of marketing and product development for Great-West, presented the results of the company's consumer attitude survey on consumer-driven health plans in a conference call in July. Harris Interactive's Telcure division conducted the survey nationwide.

"Consumers have a limited understanding of healthcare costs," said Donohoe. "They can come within 1 percent, or \$300, of the price of a new Honda Accord. But on the cost of a four-day hospital stay, we find that they are off by about \$8,100, or 56 percent."

She said the reason for the disparity lies in the availability of information. For the price of a car a prospective buyer could read *Consumer Reports*, visit one of the many Web sites on the topic, or simply look at the window sticker.

Such options aren't fully developed yet for the healthcare consumer. Alarming, especially for employers and health plans anxious to shift members to consumer-directed health plans, Great-West Healthcare's data showed that 63 percent of people who receive health services don't know the cost until after treatment, and 10 percent never know cost.

But there was also some good news in the data about what people knew. For routine care, the variations were fairly small, within 20 percent of the actual cost. Survey participants demonstrated their greatest awareness in the area of drug costs, because, Donohoe said, buying pharmaceuticals is the one healthcare transaction that is closest to a standard consumer purchase, and the amount of education available on the topic is fairly broad. Despite fairly good education and availability of information on drug costs, 89 percent of survey respondents said drug companies have more control over drug costs than consumers, and just 6 percent believed consumers had more control.

Great-West next sought information about what kind of research people did when they were ill. Just 53 percent said they did any kind of research when they were ill and needed to access healthcare services. The remaining 47 percent, when asked why they did not do research, said they did not believe there was much savings to be found by researching.

Unfortunately, Donohoe said, "People spend more time choosing a refrigerator than choosing medical services."

The survey found consumers anxious to use quality as the primary factor in choosing a hospital. Quality was the most impor-

tant factor for 65 percent of respondents, while cost was important for just 4 percent. Even convenience and location rated higher than cost, proving important to 9 percent of respondents.

The survey also sought to divine whether health plan members would save, aiming to gauge interest in health savings accounts. Great-West Healthcare leaders expressed surprise that people were split 50-50 on whether they preferred a plan with a high deductible and low premium, versus one with a lower deductible and higher premiums.

Unfortunately, that split seemed to divide along a line determined by means. Though 54 percent said they are likely in the next year to set aside money for health services, 39 percent said they have no money set aside right now for healthcare expenses, and another 17 percent could not pay \$1,000 in a lump sum to meet a deductible. Right now, higher-income people are more willing to adopt a high-deductible arrangement with a health savings account.

"The healthy and wealthy prefer a higher deductible," Donohoe said. "The wealthy believe they can control health by leading a healthy lifestyle. They believe in preventive care and taking healthy measures."

Donohoe said the survey prompted conclusions that employers ought to pay attention to if they are considering a consumer-driven offering for employees.

"Consumer-driven holds promise, but there are serious pitfalls," Donohoe said. "Employers need to know the challenges, and weigh the short- and long-term benefits."

She said Great-West Healthcare looked at the results, and talked with its product team about education and consumer programs.

"Education on the importance of saving is critical," she said. "We need to work better to make education tools available. We need to develop member advocate services because consumers need more help for questions about how to find out who's the best doc to go to."

Jay Savan, health and welfare group leader at Towers Perrin's St. Louis office, said that employers have come around to the notion that their employees need information for consumer driven plans to work.

"They get that, but the challenge is in transmitting that, and enabling a workforce that may or may not be ready to accept it," he said. "And frankly, there are some employers who are not there yet." Some of his employer-clients remain resistant to change, he said. "They may get it, but it doesn't necessarily mean it spurs them to action."

**ANALYSIS:** *Employers should pay attention to what this survey shows. If they are sensitive to the means and ability of their employees to pay into a health-savings account, and can take an active role in encouraging such savings by employees, a high-deductible plan could yield cost savings.* ■