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Empowering people with information, tools, resources, and incentives to choose healthier lifestyles and make wiser health care decisions.

The health care industry is changing. The role of health care consumers has become a prominent theme as health care costs continue to increase. Health plans and employer groups are working to develop solutions to address the challenge of providing cost-effective, quality health care.

Independence Blue Cross (IBC) is committed to providing the products, tools, and incentives to empower consumers to take an active role in their health care decisions. To help gauge attitudes and behaviors among health care consumers, IBC conducts an annual study with consumers in the Philadelphia region. The study includes members of both high deductible health plans (HDHPs) and traditional managed care health plans. The following are highlights from this study of more than 1,000 health care consumers conducted in August 2008.



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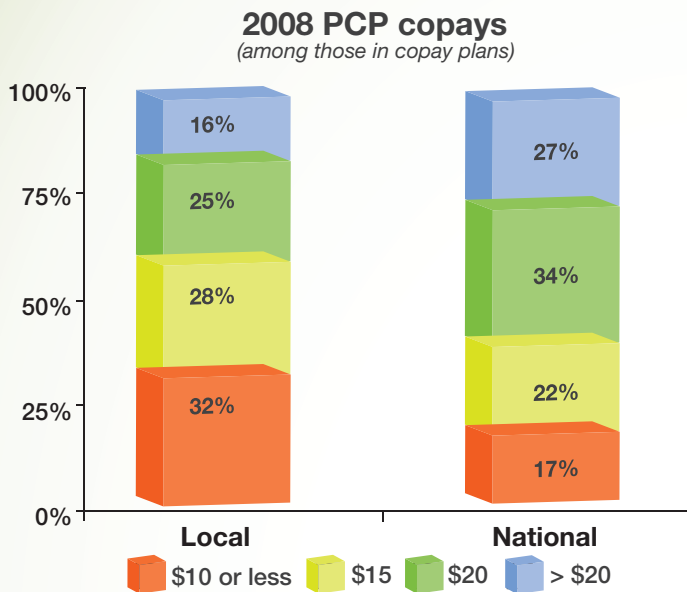
Health plan selection

Unlike other markets, local consumers enrolled in group plans continue to have fairly rich benefits plans with modest cost-sharing, and, as a result, are less aware of the cost of health care services.

Compared to consumers nationally, members in the local market are less likely to report having an in-network deductible (23% vs. 48%). HDHP penetration follows a similar pattern, with less than 10% of local members having an HDHP compared to more than 20% of national members.

Locally, HDHP adoption is still in its early stages but awareness of these plans is growing. Although consumers continue to be satisfied with their current plan and want to maintain low and predictable out-of-pocket costs, HDHP enrollment is increasing. Current economic conditions may speed up the adoption of HDHPs as employers and consumers look for ways to contain health care costs.

- 23% pay nothing toward premium cost
- 85% have PCP copays of \$20 or less



In 2008, IBC saw a 109% increase in HDHP enrollment.

Health plan perception

Consumers believe health plans care about their health

The majority, 74%, of consumers feel their health plan wants to help them improve or maintain their health. This opinion was particularly true for IBC members versus those in competitive plans (81% vs. 67%).

When asked why they felt this way, consumers pointed to coverage for preventive care and incentives for healthy behavior. IBC members were more likely than members of other plans to mention key wellness programs available to them—reminders for screenings and tests like mammography, fitness club reimbursement, and incentives to lose weight or quit smoking.



Decision-making

Consumers not yet confident in their ability

In general, consumers are not yet confident in their ability to make health care decisions, an opinion unchanged from last year, and they continue to look for guidance from family/friends and their doctor on health care decisions. However, consumers reporting health plans as a viable source for information are increasing, particularly when they are looking for information on treatment options or the cost of care.

Both nationally and locally, the majority of consumers do not ask questions regarding price before they seek services—even those in HDHPs who pay 100% of cost until reaching their deductible. This may indicate that it takes more than just increased cost-sharing to affect behavior change. It appears that consumers lack awareness of and/or a comfort level with the tools and information that are currently available.

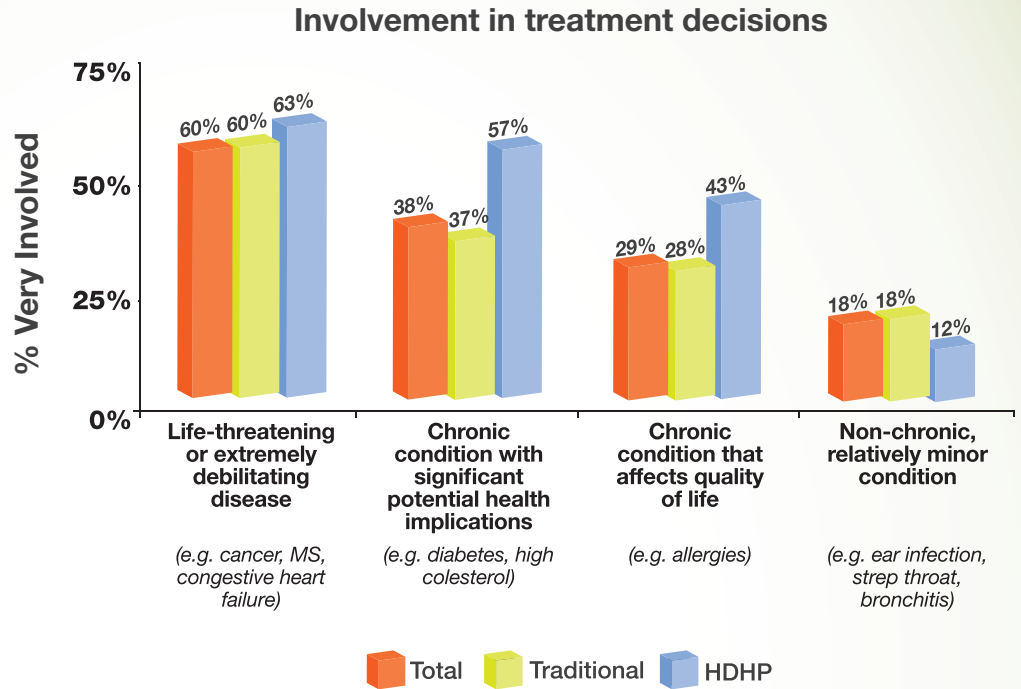
When consumers do ask questions, they primarily pertain to the cost of prescription drugs. More than 50% of those in traditional managed care plans consider both price and quality when making a decision about a prescription drug purchase.

HDHP members appear to be more engaged in various aspects of making health care decisions than consumers in traditional plans.

Unlike consumers in traditional plans who report to be concerned with rising costs but do not plan for future medical costs, nearly 60% of HDHP members do plan for medical costs.

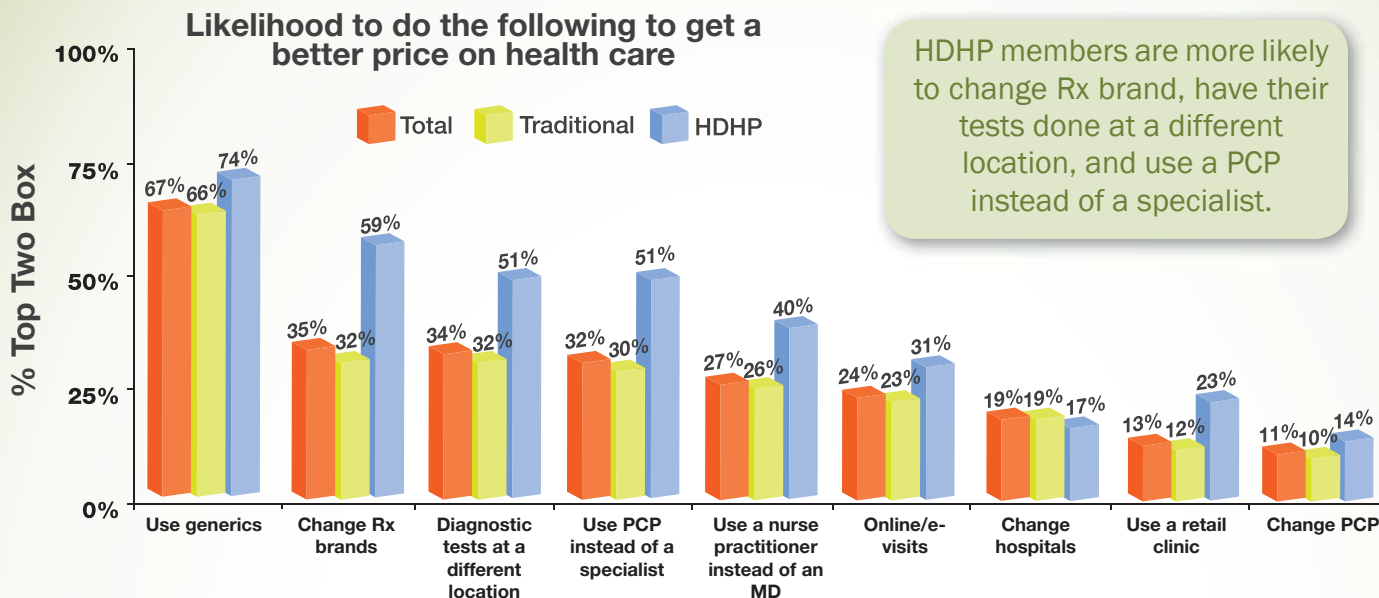
As illustrated in the chart above, HDHP members are also more likely to be very involved in decision-making for chronic conditions than members enrolled in traditional managed care plans.

HDHP members are also more likely than members in traditional managed care plans to evaluate both price and quality when making health care decisions pertaining to prescription drugs and also to diagnostic tests.



Decision-making *(continued)*

Consumers not yet confident in their ability



HDHP members are more likely to change Rx brand, have their tests done at a different location, and use a PCP instead of a specialist.

In general, consumers are not willing to be inconvenienced to get a better price for health care services, but as shown above, they are now willing to take certain actions to get a better price for their health care services, particularly members in HDHP plans. These results show that initiatives like No Pay Copay and Rx for Better Health have had a positive impact on behavior change in our market.

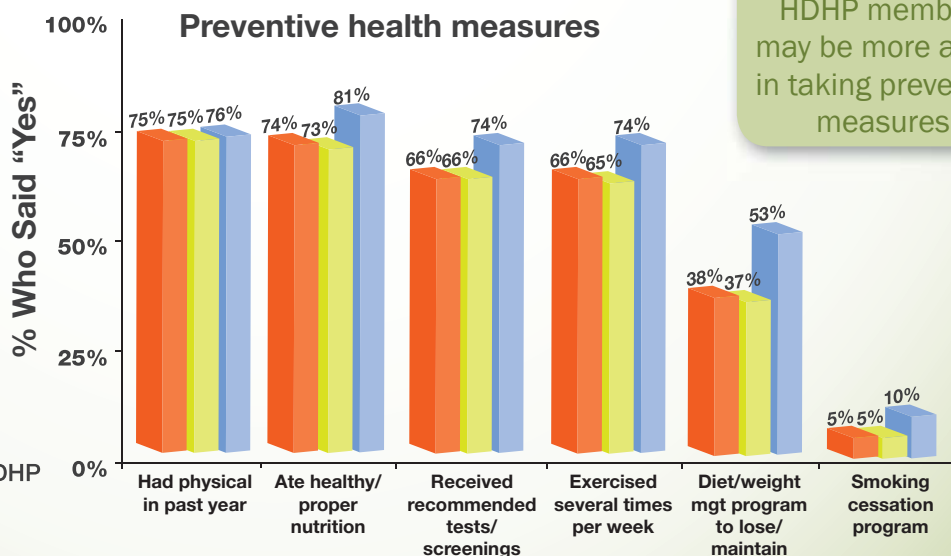
While the majority of consumers use health related websites, their use is infrequent—unchanged from last year.

When consumers do obtain information, it is to research a health condition or disease (89%), obtain information about diet or exercise (53%), or find a doctor or hospital that is accepted by their health plan (48%).

Healthy behavior

Consumers are assuming accountability for their health

Most consumers are taking an active role in changing behaviors to optimize their health. More than half of those surveyed consider themselves to be in excellent or very good health and report taking preventive measures such as having a physical, eating properly, and getting recommended tests.

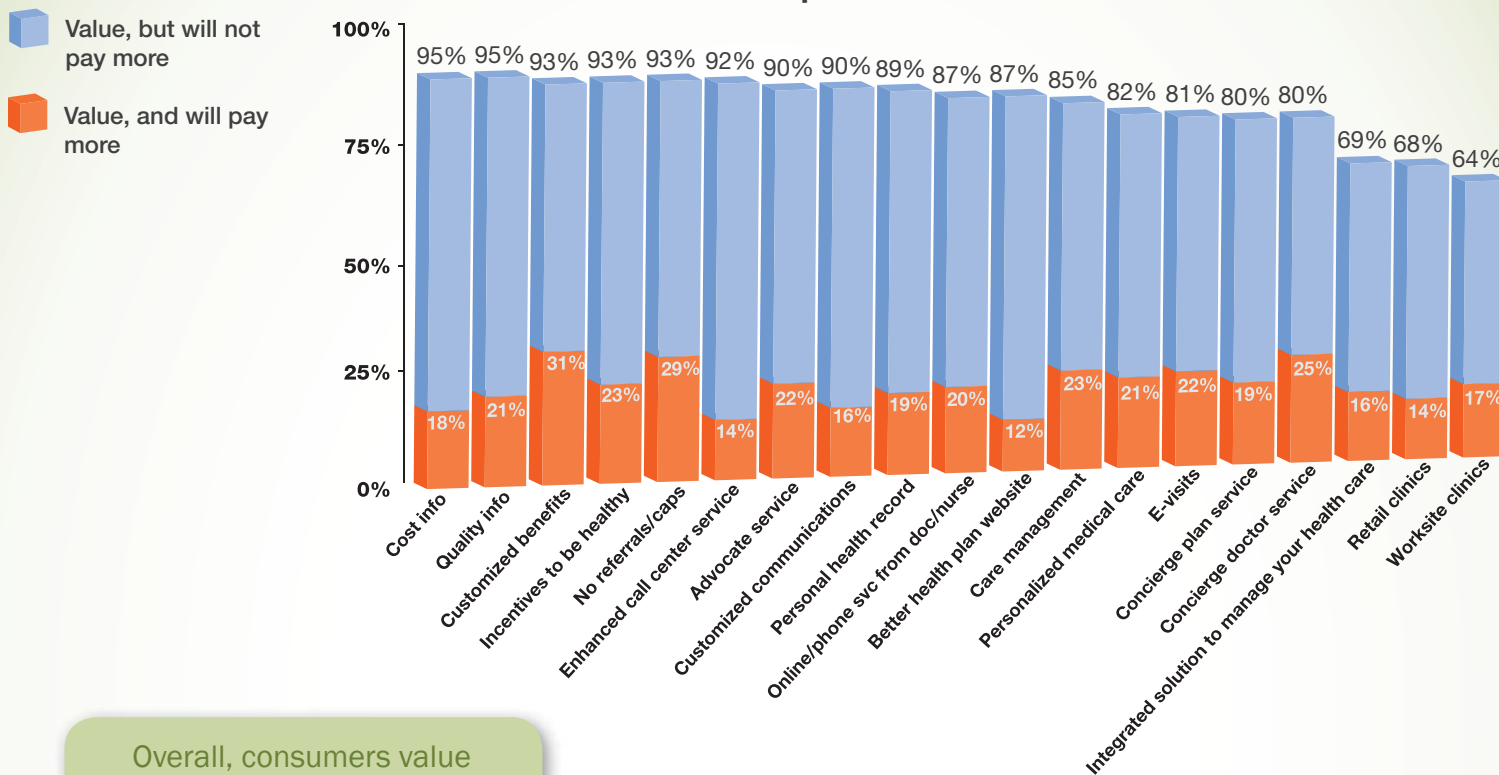


Results show that HDHP members may be more active in taking preventive measures.

Healthy behavior *(continued)*

Consumers are assuming accountability for their health

Consumers' value and willingness to pay for enhanced health plan services



Overall, consumers value services such as member incentives, member tools, and more convenient access to care but as shown above, not at the expense of increased premiums.

Nearly two-thirds of the consumers surveyed believe that if their employer offered a member rewards program, it would show that the employer cared about their employees.

The majority of consumers would engage in a member rewards program with two-thirds of consumers in traditional managed care plans likely to participate in such a program if offered by their employer. When asked of HDHP consumers, nearly 75% said they would participate.

When asked about the type of incentive, most favored cash and cash-related incentives such as discounts on premiums and lower copays followed by gift cards. Not surprising, HDHP members were more receptive to rewards related to saving them money.

When asked about the dollar value to encourage participation, most consumers reported that an annual incentive of \$200 to \$250 would increase their likelihood to participate in the program.



Consumerism is an important direction for IBC and for the health care industry. By providing members with online cost estimators, 24/7 Health Coaches, rewards for healthy behaviors, and other self-help tools, we are empowering members to optimize their health and get the best value for their health care dollars. At the same time, we are helping our group customers offer solutions to the challenge of providing cost-effective, quality health care coverage. The results of this survey suggest that the local market is beginning to adopt the concept and that consumers want to take a more active role in their health care.

If you would like additional information about these results or more detail on IBC's initiatives to engage our members, please contact your independent broker, consultant, or IBC account executive.

The Consumerism survey was conducted online in August, 2008 with 1,011 insured consumers in the five-county Philadelphia area. Data for this report was also obtained from The Healthcare Trends Study, which was conducted continuously throughout 2008 with 600 consumers in group plans.

