



# Comments on High Deductible Plans

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Health Industry Forum

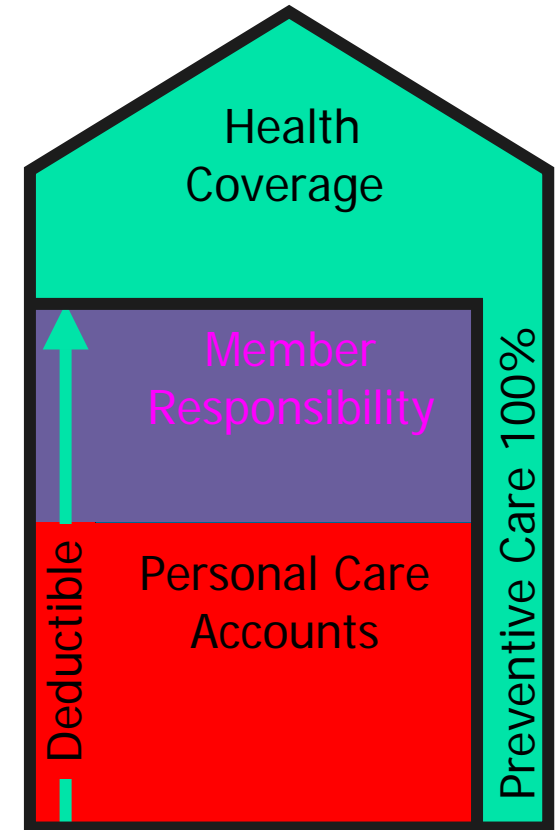
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# High Deductible Plan Benefits

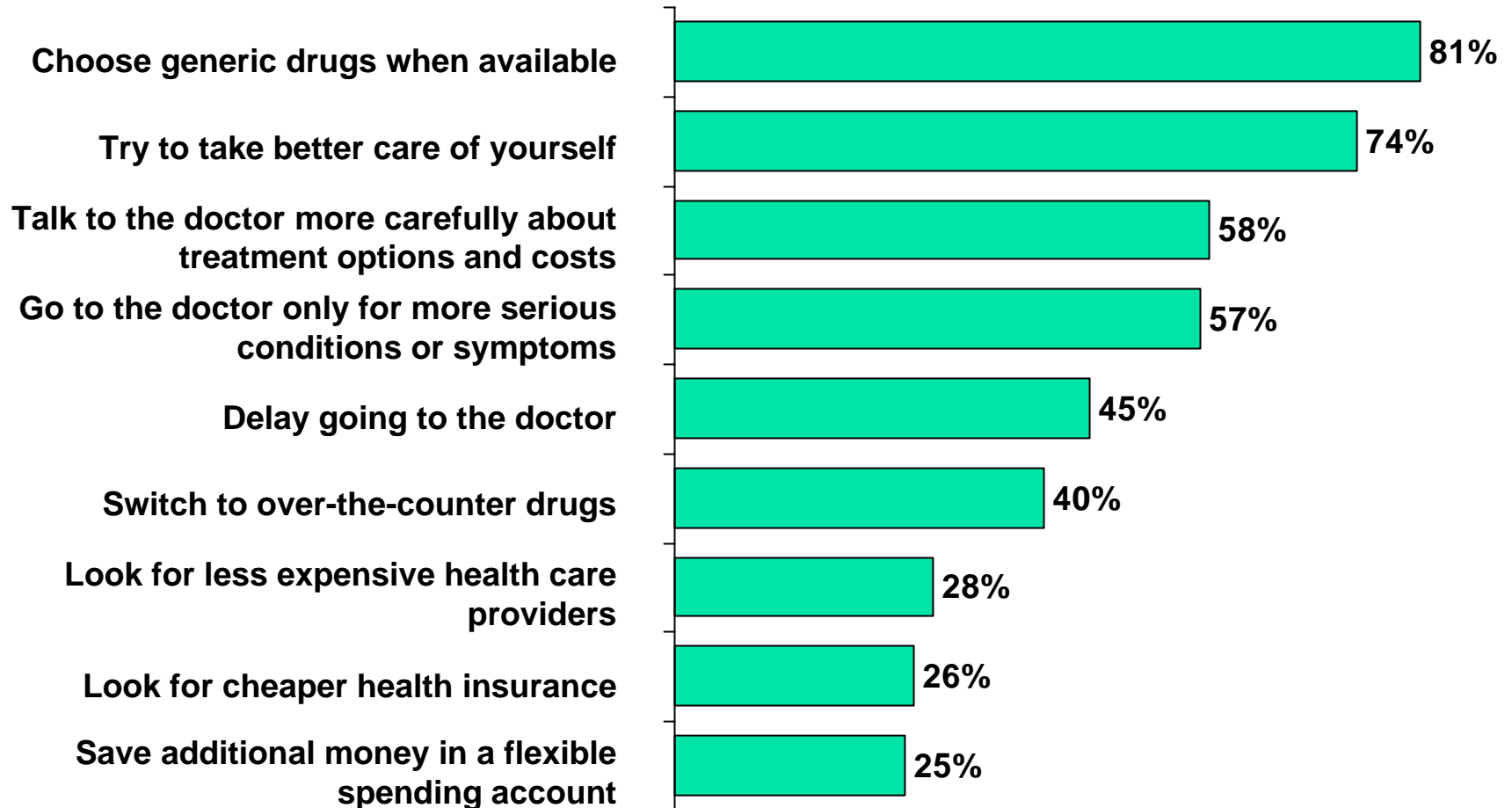
- Brings consumers into the medical marketplace
  - Sensitivity to the trade-offs of costs and quality
  - Direct financial incentive to “shop”
  - Forces priority setting
- Greater alignment of need and spending
  - Reductions in low or no-value care
  - “someone else cannot and will not pay for everything some doctor and patient want” (J. Robinson, UC Berkeley)
- Clinical impacts
  - First dollar coverage of prevention services
  - Greater sensitivity to the impact of lifestyle choices on future spending





# Impact on Consumers

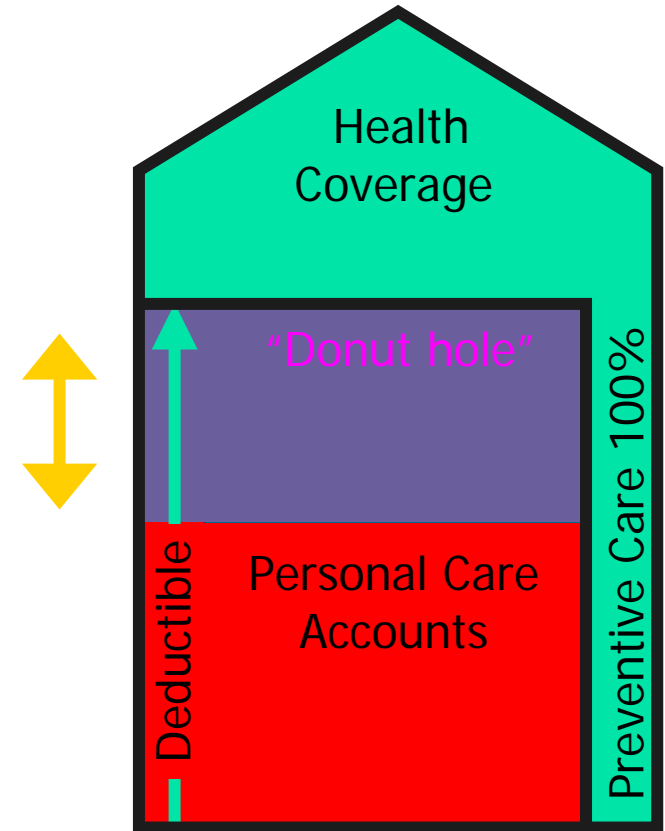
*Has increased spending on health care expenses in the past year caused you to . . .*





# High Deductible Plan Challenges

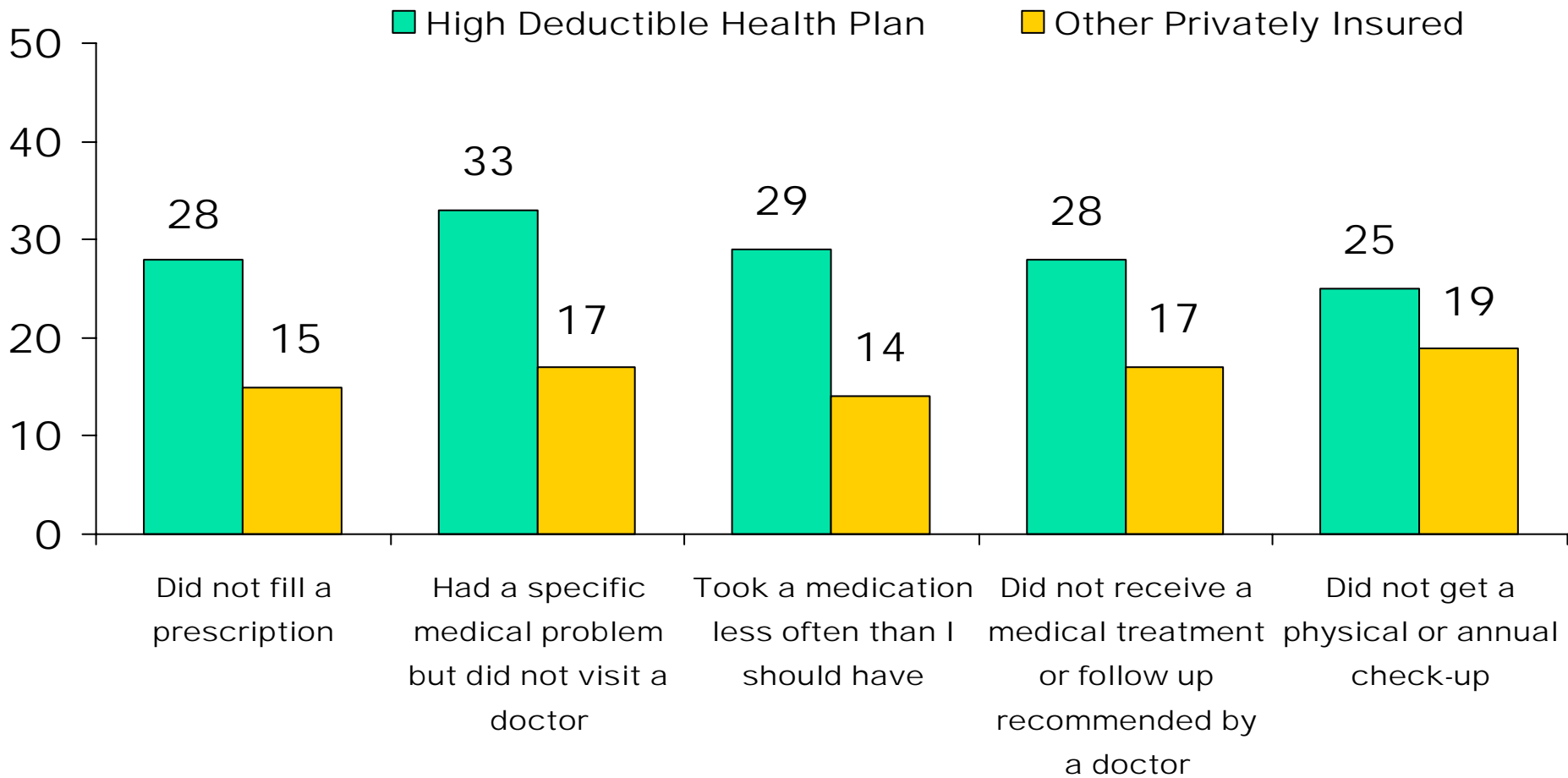
- Patients with chronic disease
  - Require non-catastrophic, non-preventive care – “donut hole”
  - Temptation to decrease needed maintenance care
- Preventive care
  - Extent of coverage
- Consumer education
  - Learning to care
  - Shopping for care
- Availability to vulnerable groups
  - Low income
  - Low education
  - Already sick
- Selective enrollment
  - Impact on the insurance pool



Johnson & Johnson

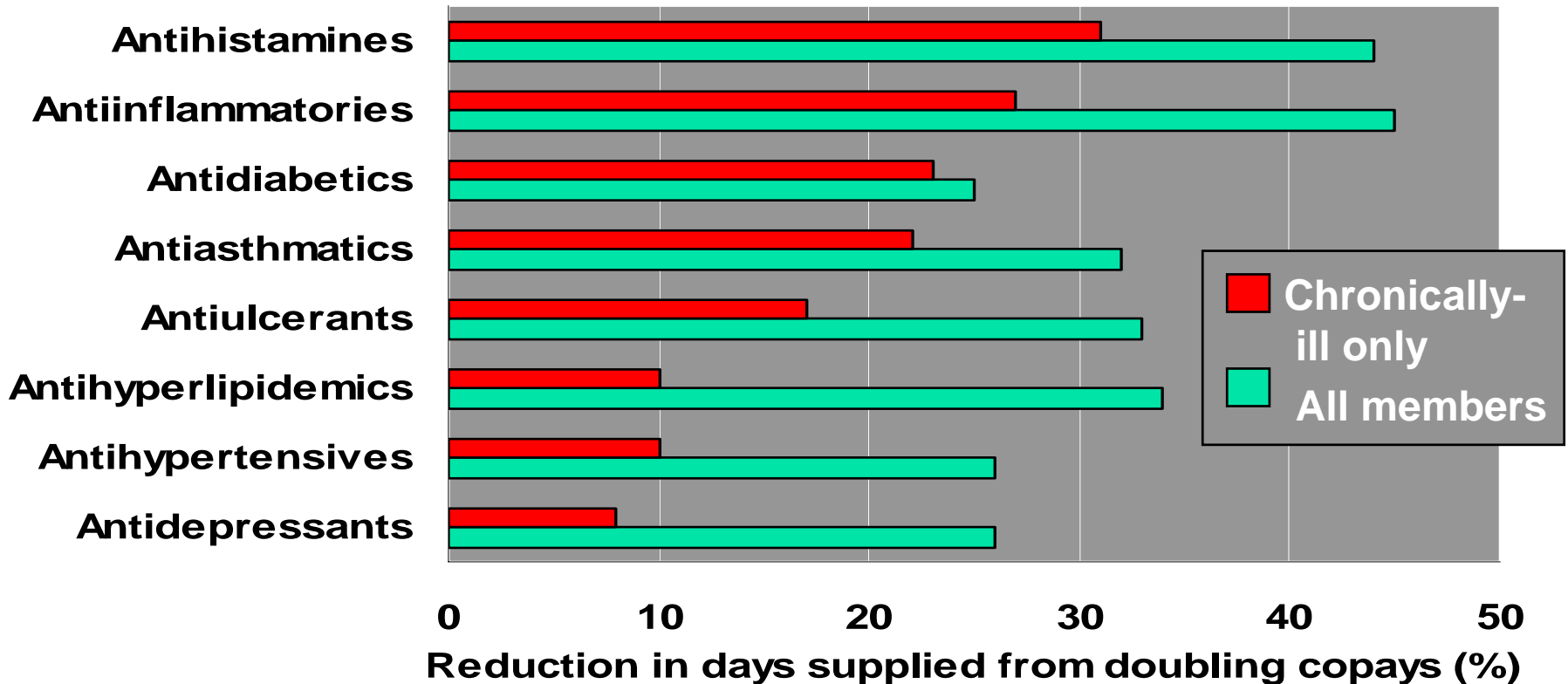


# Impact on Access





# Chronic Disease and Co-pays



- Doubling co-payments for patients with diabetes, asthma and gastric acid disorder led to:
  - 10% increase in hospital days
  - 17% increase in ER visits

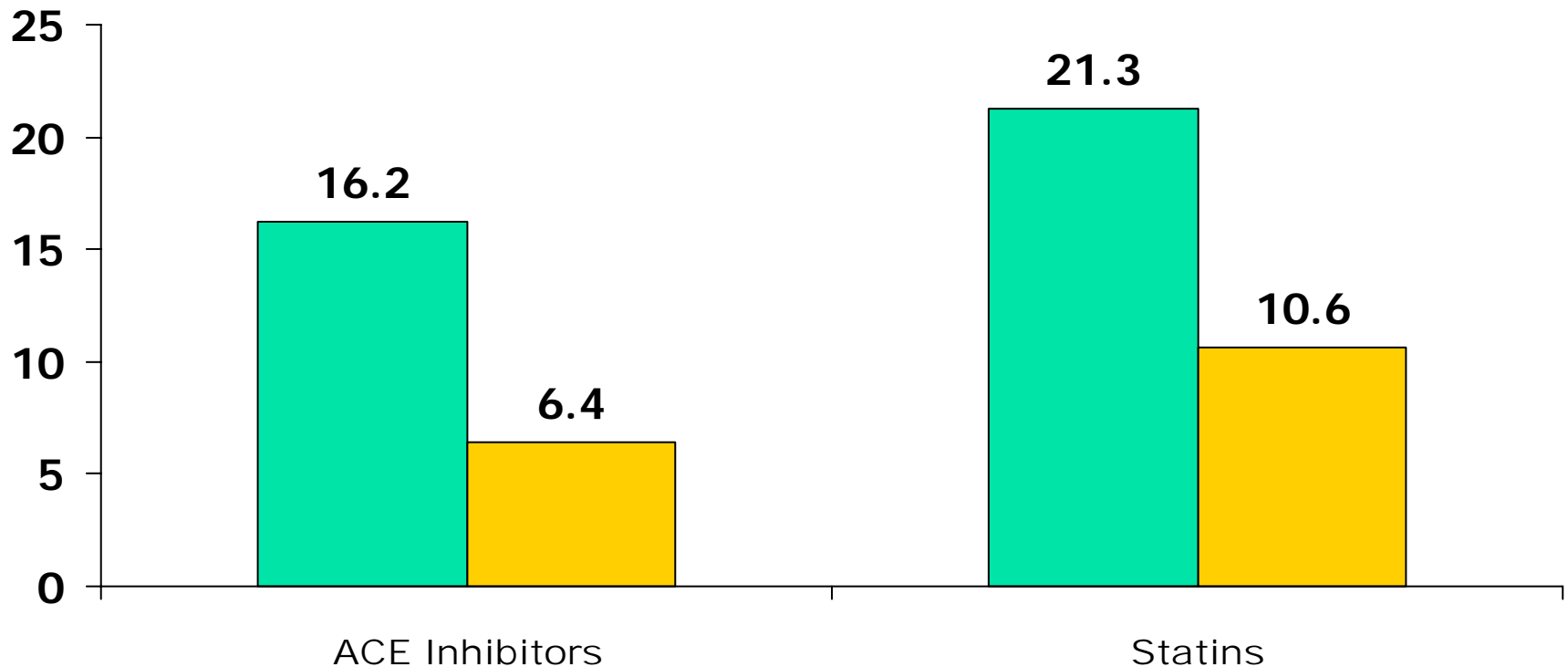




# Prescriptions and Co-pays

Percent of enrollees discontinuing use of all drugs in class:

■ Copayments Increased    ■ Copayments NOT Increased





# Alternative Approach

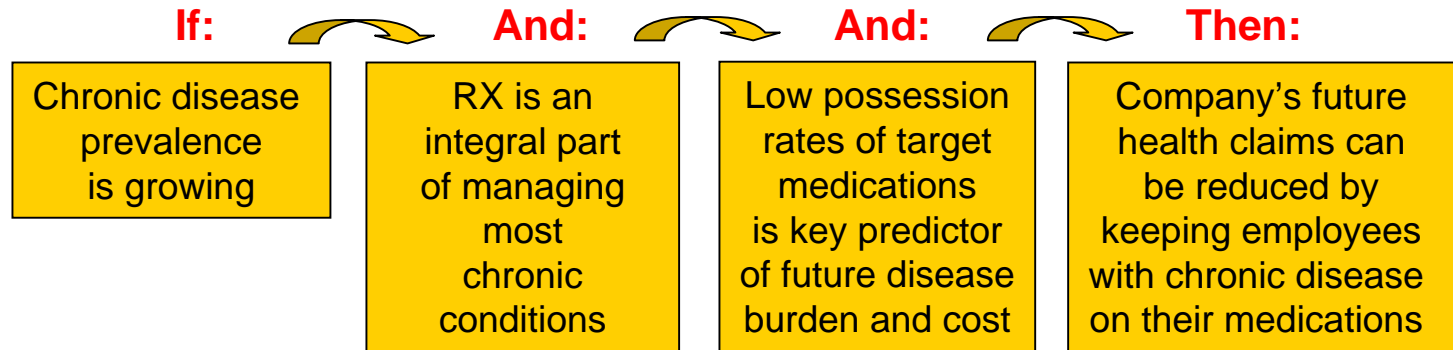
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- Pitney Bowes example
  - Used predictive modeling and disease management to manage target conditions and health cost drivers
    - Conditions: asthma, diabetes and cardiovascular
    - Key Cost Driver: Drug possession/compliance
  - Removed financial barriers to accessing medicines for target conditions. All drugs to treat target conditions moved to lowest tier (10% co-insurance)
- Results
  - Increases in drug possession rates
  - Total costs decreased 6% for diabetes and 15% for asthma
  - Total pharmacy costs decreased 7% for diabetes and 19% for asthma
    - Related to decreased use of drugs used to treat complications

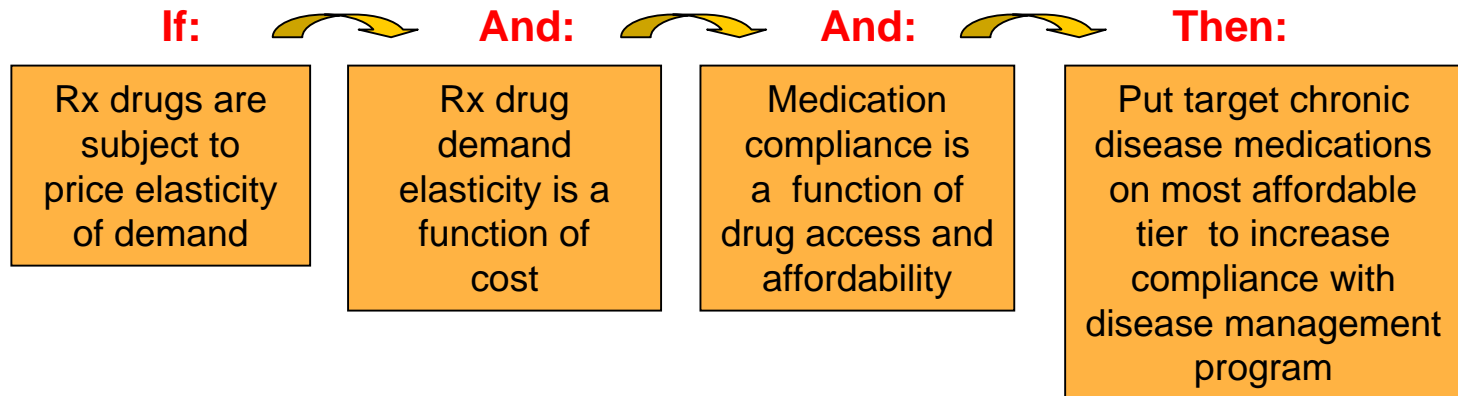




# Logic of “Intelligent Design”



**How to keep employees taking their chronic disease medications?**





# Key Unknowns

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- Will employers promote employees' health
- Will consumers optimize their own health
- Will patients avoid unnecessary care
- Will patients shop for high value care
- Will providers compete for patients
- Will short-term savings result in long-term costs