Consumer Directed Health Care and High Deductible Health Plans

The Health Industry Forum

John W. Rowe, M.D.
Chairman & CEO
Aetna
Consumer Driven Health Products

Plan Model

Health Plan

Consumer Pays

High Deductible Fund

Preventive Care 100%

HSA: Employee Funded (Employer Optional)
HRA: Employer-Funded
CDHP Adoption: Survey Results

Hewett Survey
- 57% of employers considering HSA-based HDHP

Forrester
- 24% of membership will be in a CDHP by 2010
- HSAs will grow from ~391K in 2005 to 6.3 million in 2008

Aetna
- 50% of National Accounts RFPs requested a CDHP
- ≈5% Middle market RFPs requested a CDHP
- 85% of SW/NC NA Plan sponsors surveyed implemented or will implement a CDHP in 2006 or 2007
Percentage of Firms, Among Those That Offer Health Benefits Offering a HDHP to Workers

CDHP Adoption: Employers

Source: KFF and Health Affairs, 9/05
CDHP Adoption: Projections

Likelihood of a Firm’s Offering an HDHP/HRA or HSA-Qualified High-Deductible Health Plan (HDHP) Next Year, Among Firms That Do Not Now Offer Such a Plan, 2005

- Don’t know
- Not at all likely
- Not too likely
- Somewhat likely
- Very likely


NOTES: HRA is health reimbursement arrangement. HSA is health savings account.
The Health Industry Forum

Aetna 2003 Study:

**Medical Claims**

Continuously Enrolled Members: Allowed Claims

2003 Study: Summary: 3.7% YOY cost increase

<table>
<thead>
<tr>
<th>Change in Utilization</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient Admissions</td>
<td>-5.2%</td>
</tr>
<tr>
<td>ER Visits</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Outpatient Events</td>
<td>-14.4%</td>
</tr>
<tr>
<td>ALL Office Visits</td>
<td>-3.3%</td>
</tr>
<tr>
<td>PCP Visits</td>
<td>-10.9%</td>
</tr>
<tr>
<td>Specialist Visits</td>
<td>+3.4%</td>
</tr>
</tbody>
</table>
Pharmacy costs benefit from consumerism:

- Not all plans were integrated with medical, but all had consumerism features: three tier copay and/or coinsurance.

- Four of the five employers who offered an Aetna pharmacy plan experienced between 3.1% to 5.1% higher generic utilization than our PPO book of business, which had 44.7% generic utilization.
For continuously enrolled members in their first or second year of AHF:
- No significant changes in care for members with diabetes (721 members) with respect to:
  - Glycosolated Hemoglobin Tests
  - Retinal Eye Exams
  - Microalbumin Tests

For continuously enrolled members in their first or second year of AHF with integrated Rx:
- No significant changes in percentage of members with cardiac conditions or hypertension (820 members) taking Ace I/Beta blockers, same or higher number of days supply.
- No significant changes in percentage of members with asthma* (92 members) taking Inhaled Corticosteroids, Anti-Inflammatories, LRA

* Asthma count excludes members who also are identified to have allergies

Note: all statistical testing was completed with a 90% confidence interval, or p value = .1
Aetna 2004 Study:
Members with chronic conditions may increase care levels.

For members in their first year of AHF:

Significant increase in lipid screenings among first-year AHF members

Note: all statistical testing was completed with a 90% confidence interval, or p value = .1
Aetna 2003 Study: Preventive Care Was Up

Comparison of 2002 vs. 2003 utilization

Note: For all measures, AHF members had more exams than comparator populations, even where changes from 2002 to 2003 were not higher
<table>
<thead>
<tr>
<th>Item</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall satisfaction</td>
<td>90%</td>
</tr>
<tr>
<td>Likely to renew Aetna HealthFund (AHF) Plan</td>
<td>87%</td>
</tr>
<tr>
<td>AHF meeting member expectations</td>
<td>86%</td>
</tr>
<tr>
<td>AHF gives a high level of control over my health care spending</td>
<td>80%</td>
</tr>
<tr>
<td>AHF provides access to info needed to make intelligent decisions</td>
<td>90%</td>
</tr>
<tr>
<td>AHF is easy to use</td>
<td>94%</td>
</tr>
<tr>
<td>AHF makes me more conscious of health care costs</td>
<td>89%</td>
</tr>
</tbody>
</table>
Aetna HealthFund Study Summary

- Consumerism is working.
- Members are not forgoing essential or preventive care.
- Savings are sustained into the second year.
- Integrated pharmacy enhances behavior change.
- Members with chronic conditions maintain care levels.
- Members are more aware of the cost of care.
30% of Owners of Individual HDHPs/HSAs were Previously Uninsured
September 2004

Source: Health Savings Accounts off to A Fast Start in the Individual Market“, by Teresa Covan and Hannah Yoo, AHIP Center for Policy and Research, 2004, p. 2, Figure 1.
Most individuals who apply for HSAs have incomes under $50K.

Percent of Previously Uninsured HSA Applicants
By Income Level

- Income Under $50K: 67%
- Income Over $50K: 33%
Thank You!