

ISSUE BRIEF

Transforming health care:

A consumer-centered model takes hold in the information age

Consumers take the reins: From “mother, may I?” to online empowerment

These days, Starbucks spends more on health care than it does for coffee beans. GM spends more per car for health benefits than it does for steel. Health care costs for employers rose 76 percent between 1999 and 2004.¹ American employers, weary of their ad hoc role as health care benefits broker, waded into consumer-driven benefits design; during that same period, employee contributions rocketed up 126 percent.² Consumer-directed health plans are surging ahead as the means for employers to transfer more of the cost—and more responsibility—for health benefits management onto employees.

“Consumers aren’t used to acting like consumers when it comes to their health care because the system has encouraged a ‘mother, may I?’ kind of attitude.”

— **Grace-Marie Turner,**
the Galen Institute

The free market and consumer-centered changes in health care are inexorably linked in the mind of Grace-Marie Turner. Turner is the founder and president of the Galen Institute, the Washington, D.C.-based public policy research organization devoted exclusively to health policy and the public debate over individual freedom, consumer choice, competition, and diversity in the health sector.

“Always, when you look at change, you have to search for opportunities at the margins,” Turner said. “And you also have to be realistic and do what is possible within the current system. Certainly, health care is heavily regulated. But I see opportunities ahead because of the changes that are moving our health care system forward in the context of a free market economy.”

Turner noted that Health Savings Accounts (HSAs) are empowering consumers, giving them new options to determine how their health care dollars are spent. “Even with Medicare, consumer choice is expanding—through Medicare Advantage plans and through the Part D program that gives seniors a chance to select prescription drug plans that best suit them,” she said. “As long as we have a free, private market and consumers who are looking for the best value, we have the dynamics for a free market.”

“Consumers aren’t used to acting like consumers when it comes to their health care because the system has encouraged a ‘mother, may I?’ kind of attitude,” said Turner.

“You’ve got an information gap in the health sector,” she said. “When people buy a car or a computer, they can comparison shop and look at prices and features. It’s very hard to do that in health care. But people do need information to be able to make wise choices.”

Consumers who have already taken steps to choose and guide their health care are also faced with a new level of responsibility—to live with the consequences of their deci-

sions. In an environment of increasing consumer out-of-pocket risk, there is a greater need for clear, easy-to-understand consumer information than ever before.

“It’s not a risk-free equation,” Turner said. “Obviously with health care choices, you’ve got to have good information because the decisions are a lot more consequential.”

Competition, along with clarity about options and prices, will lead to lower prices, Turner said. She cites the new Medicare Part D prescription drug benefit as proof. The original Congressional Budget Office cost analysis pegged the average premium at \$37 per month.³

“Then they brought private companies in and said, ‘create your own features and compete with each other.’ We see now the average premium for seniors is \$23 a month. It shows that introducing competition and bringing market forces into the process can help people get more value for the money.”

Quality improvements in the system will come as consumers demand more information to make better decisions.

Consumers need data to make cost, quality choices

The new consumer-centered era in health care has arrived hand-in-hand with a rising consumer dependence on the Internet for information about personal health. Craig

1 “Health Care Expectations: Future Strategy and Direction 2005,” Hewitt Employer Survey.

2 Ibid.

3 “Secretary’s One Month Progress Report on the Medicare Prescription Drug Benefit,” Mike Leavitt, Feb. 1, 2006.



Froude, executive vice president and general manager of WebMD Health Services, a part of WebMD, sees Internet technology as the key to helping individuals make more informed health care decisions by managing three key tasks: to understand personal health risks, to access information to help manage those risks, and then to choose and properly use the right health plan.

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— Craig Froude, Executive Vice President and General Manager of WebMD Health Services

"It comes down to helping the individual first understand their personal health status," said Froude, a featured speaker at URAC's 6th Annual Quality Summit & Exhibit. Froude noted that knowing your own health needs and the cost of care helps feed the inclination to purchase more wisely. "We've already seen that work in the pharmacy benefits industry, with people now switching to generics faster. Technology can also help providers of cost and quality data get the right information to the right people at the right time."

Today, a Google search for "personal health records" yields nearly a quarter million responses, most of them for PHR products consumers or employers can purchase. In the wide-open Internet space, there is ample room for both high-quality products and risky ventures that put the health safety, security and privacy of consumer health information at risk.

Since 2001, URAC's Health Web Site accreditation program has marked quality health web sites as meeting a broad range of industry standards to improve the quality of online sites, including privacy and security, health content editorial processes, disclosure of financial relationships, linking policies and more. The accreditation process gives web sites meaningful feedback to improve the quality of online operations. WebMD was among the premier companies to earn URAC's Health Web Site accreditation in December 2001.

In 2005, URAC added its Consumer Education and Support (CES) accreditation program to empower consumers in the growing consumer-directed health care sector. The CES accreditation acknowledges the usefulness of Internet-based general information, plus targeted consumer messaging to help consumers make better health plan and personal behavior choices.

"There is significant value for URAC as an accrediting body as the web becomes a bigger part of health information and expands its influence as consumers make health care decisions," Froude said. "URAC Health Web Site accreditation really helps individuals under-

stand which sites have credible information, and which are providing relevant information for them. Accreditation in general enriches the whole Internet health movement by helping empower individuals to make better health care decisions using the right information. Without that seal of approval, it becomes very challenging to nearly impossible for people to know where to safely go to search for information on the Internet."

Accrediting organizations such as URAC can take a leading role to ensure consumers get reliable information from providers on safety, quality and price, Turner said. But because consumers seldom pay attention to health care information until they need it, developing systems that will deliver information at the moment it is most needed should be a priority.

Standards as a tool to raise the quality bar

Information gaps are already emerging as a weakness in existing consumer-directed plans. An April 2006 report by the U.S. Government Accountability Office⁴ noted a lack of adequate decision-support tools provided by insurance companies to help enrollees determine the cost and quality of providers and treatment options. The report also noted the lack of adequate tools provided by insurance carriers to allow enrollees to fully assess the cost and quality trade-offs of health care purchasing decisions.

An April 2006 Harris Interactive poll⁵ found that consumers believe federally funded research on health topics should be available free to doctors and the general public. Four out of five U.S. adults polled said they believe having this research readily available will help those with chronic illness or disability better cope with their health condition.

But ready access to health information is only valuable to consumers when it is clearly understood. A 2004 Institute of Medicine

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⁴ "Consumer-Directed Health Plans: Small but Growing Enrollment Fueled by Rising Cost of Health Care Coverage," U.S. Government Accountability Office, April, 2006.

⁵ "Large Majorities of U.S. Adults Support Easy—and Free—Online Access to Federally-Funded Research Findings on Health Issues and Other Topics," Harris Interactive. 31 May 2006. 6 Jun 2006 <http://www.harrisinteractive.com/harris_poll/index.asp?PID=671>.

report⁶ found that nearly half of all American adults have difficulty obtaining and using health information. A lack of understanding can lead to poorer health and higher costs; the IOM report connected a higher rate of hospital admissions and use of emergency rooms among those with lower health literacy. Health literacy and its affect on patient safety and health is more prevalent in older people; a study⁷ published in the May 2006 Journal of the American Geriatrics Society found low health literacy was strongly linked to comorbidities and poor access to health care.

These consumer education needs, including sensitivity to language differences and health literacy, are addressed within URAC’s CES accreditation standards. The standards ensure consumers and purchasers receive the information they need, when they need it, including:

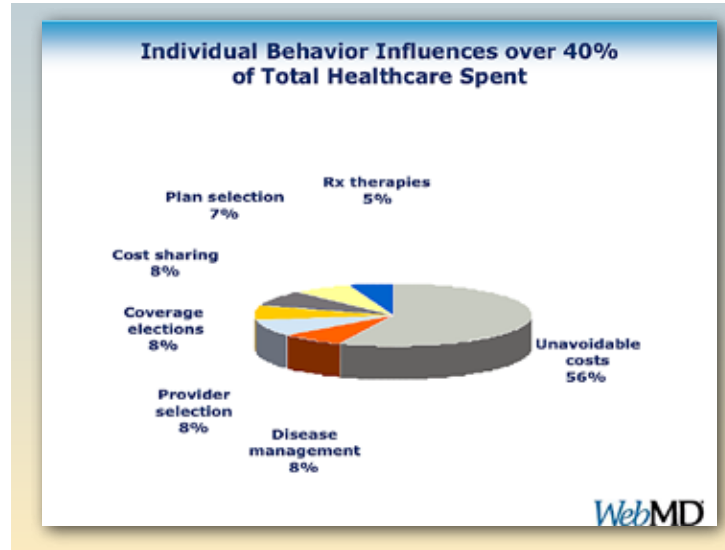
- Information about the costs of participating in a health plan before enrollment;
- Information about using the health plan and about provider cost and quality (as it is available);
- Information about consumer responsibility in making health care decisions, including tips to assist in interactions with providers;
- Information about how to receive assistance from the health plan;
- Access to a health risk assessment and information about prevention and wellness; and
- Information for the chronically ill to effectively manage their health care.

“Disseminating this information to consumers in a user-friendly way at the time they are making a decision is a huge challenge,” Turner said. “Consumers want a resource they can turn to for accurate, accessible information when they need it. As consumer-directed plans mature, people are going to be a lot more selective. I think there’s a huge opportunity for companies to gather data and turn it into tools that are extremely user-friendly, ubiquitous and easy to access.”

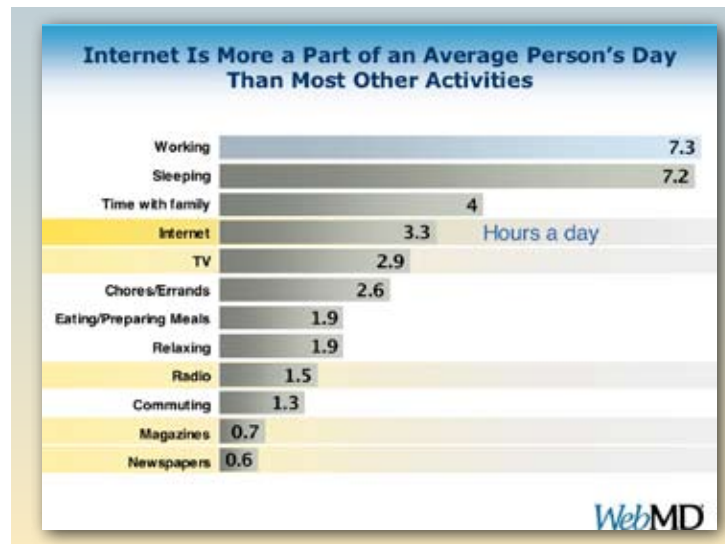
URAC’s CES standards were developed to address the gaps that are so clearly identified in the GAO report and the IOM study. Ensuring consumers get the information they need, when they need it, is an education and communication function interwoven through many aspects of a consumer-directed health plan: sales, enrollment, administration, claims and utilization all must interact with consumer education and support. CES is an area of health plan operations that is difficult to observe directly from the outside, so URAC accreditation is especially useful for those trying to compare and purchase plans.

Internet a powerful force to change behavior

Froude said individual behavior influences about half of total health care expenditures, so the potential power of the Internet to affect behavior and cost is huge.



“The Internet has already played a significant role in the transformation of consumer behavior in many industries—just look at travel, banking and music,” he said. “That puts us in a fantastic position to use the Internet to help people understand how their behavior is connected to health status and health cost. We know that eight in 10 Americans are already going to the Internet to look for health information. That is where they are also looking for tools and information to help them make better health care choices.”



6 “Health Literacy: A Prescription to End Confusion,” Institute of Medicine, April 8, 2004.

7 Sudore, Rebecca L., et al. “Literacy in Older People and Disparities in Health and Healthcare,” Journal of the American Geriatrics Society, Vol. 54, No. 5, May 2006, pp. 770-776(7).

Froude has seen remarkable growth in consumer use of the Internet for health information over the years. WebMD develops online decision support applications that are made available to millions of employees and health plan members through private online portals. These applications, licensed to leading employers and health plans such as PepsiCo, WellPoint and Cigna, enable consumers to make more informed decisions about their benefit plans, health care providers and treatment options.

“Integration helps consumers better manage their financial responsibility. ... But the whole system needs to be integrated for that to happen.”

— **Craig Froude,**
WebMD Health Services

On a monthly basis, more than 25 million consumers visit WebMD to search for health information. Utilization rates within WebMD’s private portals are also high; Froude said between 70 and 90 percent of employees who have registered to use their company’s licensed WebMD applications are participating and using the tools. “The growth and repeat utilization has been significant because this is a significant part of the health and benefits process for these consumers,” Froude said.

Maximizing the potential for greater consumer participation and control in health care will require tools that are not only easy to use, but also integrated into the other pieces of the health care continuum. Pharmacy or medical claims data that tracks care for a chronic condition should trigger messaging that is personalized and pertinent to what consumers need, when they need it.

“Traditionally health care been very siloed, but what we’re seeing is a desire for interoperability between systems using the

Internet as a conduit for communication,” Froude said. “Integration helps consumers better manage their financial responsibility. They need access to decision support tools to find quality care and make financial decisions. But the whole system needs to be integrated for that to happen.”

Froude said the trend within health plans is to seek integrated business solutions that tie consumer-centered functions together:

- Health *and* benefits management solutions
- Online *and* offline solutions
- Integrated data warehouse with claims, self-reported, information to create profile-based services
- Integrated Web-based user experience across disparate applications

“We’ve seen integration trends using data interchange, where we can take in claims data and run algorithms against it to better tailor care information for the individual. We can use eligibility files and benefits information data so we can direct you to appropriate health and wellness programs that are available to you, whenever you log in. And we can ensure that you have that information as soon as it’s available, in real time. Clearly there is integration already happening today.”

PHRs put consumer in the driver’s seat

Consumer empowerment to access personal clinical information is increasing as a number of vendors, including WebMD, now offer online personal health records (PHRs). Consumer awareness and acceptance of PHRs is growing as concern over privacy and security is overcome by the desire to access and review records easily.

A report released in October 2005 by the Markle Foundation ⁸ reveals that 60 percent

of Americans support the creation of PHRs that would allow consumers to check and refill prescriptions, get results over the Internet, check for mistakes in a medical record, and conduct secure and private e-mail communication with doctors. Nearly seven out of 10 surveyed said they would use PHRs if they were made available.

“PHRs are a critical component to active health management,” Froude said. “Using the PHR framework, we see data gathered from a variety of sources into one record: self-reported information, data from the health risk assessment, through pharmacy benefits and claims data, and also data from the medical plan.” The WebMD PHR tool also provides a mode for secure communication between consumers and care providers. It also creates an audit trail so the consumer can track when the PHR is accessed and by whom.

“We’re providing a complete snapshot of a person’s health history,” he said. “A PHR goes beyond a simple medical records repository. It empowers consumers to authorize access to the complete record when they go to a new provider, but it also gives them access to the data. Then it goes a step further and allows them to take action with the information.”

Targeted health management information not only informs participants about better health habits—it also motivates change. According to the 2004 WebMD Health and Benefits Manager User Survey, 89 percent of employees who use online health programs took action to improve their health. Of employees with a chronic health condition, the survey found that 79 percent took action to manage it, including changing medication to improve safety (44 percent) and requesting information on best practices for managing their condition (28 percent).

The increase in consumer use of PHRs is fueling interest among physicians to use more online tools to communicate directly with patients. “As it becomes easier to integrate communication with patients and to be reimbursed for it, we will definitely see increased use of the Web to communicate with patients,” Froude said.

⁸ “Attitudes of Americans Regarding Personal Health Records and Nationwide Electronic Health Information Exchange,” Markle Foundation, October 2005, online at http://www.markle.org/downloadable_assets/research_release_101105.pdf

According to Pew research, some 24 million people found the Internet was crucial or important to helping them or someone else like them find information about a medical condition.⁹ In 2006 research Pew found that 58 percent of caregivers surveyed cited the Internet as *the most important source* for useful health information, whether it be information about providers or specific disease information and treatment options.

“That number is just indicative of the growth that we’ve seen, and how far we can go in the future,” Froude said. “It’s going to become more and more necessary for physician communication to be integrated into the care management process, especially for treatment of the chronically ill. The technology is already there to support the patient in that way.”

⁹ “Finding Answers Online in Sickness and in Health,” Pew Internet and American Life Project. May 2, 2006. Online at http://www.pewinternet.org/pdfs/PIP_Health_Decisions_2006.pdf.

About URAC’s 7th Annual Quality Summit & Exhibit

Join us for URAC’s 7th Annual Quality Summit & Exhibit, Oct. 11-13, 2006 at the La Costa Resort and Spa in San Diego. Exploring the theme, “Discover New Ways to Focus on Quality,” the Summit is the only national quality forum for URAC-accredited organizations and other health care professionals to hear from today’s thought leaders as they address current issues and coming trends in health care. For more information, go to www.urac.org.

Grace-Marie Turner

President, Galen Institute

Grace-Marie Turner is founder and president of the Galen Institute, a public policy research organization established in 1995 to promote an informed debate over free market ideas for health reform. She speaks and writes extensively about incentives to promote a more competitive, consumer-driven marketplace in the health sector. Turner serves as a member of the National Advisory Council of Healthcare Research and Quality. In 2005, she was appointed to serve on the Medicaid Commission, charged by Congress to make recommendations to modernize and improve that program. She is founder and facilitator of the Health Policy Consensus Group, a forum for analysts from market-oriented think tanks across the nation to analyze and develop health policy recommendations. Turner is the editor of *Empowering Health Care Consumers through Tax Reform*, published by the University of Michigan Press. From 1995 to 1996, Turner served as executive director of the National Commission on Economic Growth and Tax Reform. Prior to founding the Galen Institute, she was president of Arnett & Co., a health policy analysis and communications firm in Washington, D.C.

Craig Froude

Executive Vice President and General Manager,
WebMD Health Services

Craig Froude is executive vice president and general manager of WebMD Health Services, a part of WebMD Health. WebMD Health Services develops online decision support technology that enables consumers to make more informed decisions about their benefit plans, health care providers and treatment options. Prior to that, Froude served as a founder, chairman and chief executive officer of WellMed, the name under which WebMD Health Services previously operated. Under Froude’s leadership, the organization earned numerous awards, including being named to the 2001 Inc 500 Fastest Growing Companies. Before WellMed, Froude’s experience in the technology industry included senior management positions at Creative Multimedia and Central Point Software.

Mr. Froude is currently on the advisory board for the Oregon State University Austin Entrepreneurship Program. He is a graduate of Oregon State University, and holds a Bachelor of Science in Finance.



www.urac.org

1220 L Street, NW, Suite 400, Washington, D.C. 20005
Phone (202) 216-9010 • Fax (202) 216-9006 • www.urac.org
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URAC Issue Brief! is written and produced by
Health2 Resources

Katherine H. Capps, President
344 Maple Ave West, Suite 245
Vienna, VA 22180

Phone (703)319-0957 • www.health2resources.com