



Consumer-Driven Health Plans Usher in New Opportunities for Care Managers

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There is nothing static about healthcare in America today. From the major overhaul it received at the hands of The Patient Protection & Affordable Care Act (PPACA) to new technologies and healthcare models like accountable care organizations and the patient-centered medical home, consumers need a serious navigation tool and guide to steer their way through the system.

One area which places increased healthcare responsibility in the hands of consumers is Consumer-Driven Healthcare Plans (CDHPs). Also known as high deductible health plans (HDHPs), they are offered with health savings accounts (HSAs), which give consumers an incentive to be more prudent in their healthcare decisions and behaviors. For care managers, CDHPs have introduced additional opportunities to help all sectors of the system – consumers/employees, plan sponsors/employers and unions, managed care organizations, and healthcare providers, including hospitals and physicians. To benefit from the new opportunities associated with CDHPs, care managers need to understand how they work, why they are becoming so popular and what role they can play as all parties seek to reduce their costs and facilitate better patient outcomes and a healthier America overall.

How Consumer-Driven Plans Work

Currently, there are nearly 15.5 million Americans enrolled in an HDHP/HSA. The HDHP has an annual deductible of not less than \$1,250 for an individual or \$2,500 for family coverage. Its annual out-of-pocket expenses can't exceed \$6,250 for self-coverage or \$12,500 for family coverage. Employers offering HSAs must make comparable contributions to their HSAs for all of their participating, comparable employees in a given coverage period. The benefit to employers is that their contributions are not deductible. Plan members/employees benefit from being able to make their contributions using pre-tax dollars.

The HSA funds can be used to pay for deductibles, co-pays and services not covered by their health insurance. The HSA funds can't be used to be for premiums unless they are for qualified long-term care. Additionally, HSA funds can be used to defer income according to annual contribution limits and also to pay for eligible retiree medical premiums. Another major advantage of the HDHP/HSA is that plan members can roll-over the remaining funds in their HSAs to the next plan year to reduce and/or eliminate their share of the deductible in subsequent years. HSAs are also portable

which means a terminated employee can elect to have his/her HSA funds transferred to another HSA administrator.

HDHPs require plan members to remain abreast of the funds in their HSAs. If their funds are depleted before their deductibles are met in a given plan year, the plan member must make up the difference until their plan deductible is met, at which time the plan operates like a traditional preferred provider organization (PPO) plan. In other words, the plan then assumes the cost of covered services and the plan member contributes a pre-set cost-sharing amount until the maximum out-of-pocket spending limit is attained. Then, the plan pays 100 percent of the costs for covered services. Coverage for preventive health services, such as annual physical, medical screenings and vaccines, is provided on a "first-dollar basis," not as part of the deductible.

In addition to the HDHP/HSA variation, there are other forms of the CDHP. They include plans whereby employees can customize their coverage by selecting benefits from an online menu and balance their deductibles, premiums and copayments based on their specific needs, age, health status, etc. Additionally, there are plans wherein the CDHP is offered as an option within a traditional insurance plan. Some of the Blue Cross/Blue Shield ("The Blues") are selecting this option which provides variables for drug formularies, hospital networks and benefit choices which determine the premiums. In this instance, too, the employees assume the financial risk and cost overruns above the employer's fixed contribution.

The Trend To Consumer-Driven Care

A Towers Watson survey found that 70 percent of large companies in America expect to offer HDHPs linked with HSAs in 2013. Already, and based on Towers Watson/National Business Group on Health Study, 41 percent of U.S. companies are offering these plans. Contrast this figure to the estimated 2 percent 10 years ago.

Why the growing trend toward CDHPs? The primary driver has been the savings these plans afford employers. Specifically, the Towers Watson/National Business Group on Health Study found that companies with 50 percent or more of their employees in an HDHP/HSA, incurred \$1,000 less per employee that companies without these plans. It is projected by a Rand Corp. report that by 2022, 50 percent of all employees covered by an employer-sponsored health plans,

including those for employees working in government, would be covered by an HDHP/HSA.

Already, many of the nation's leading providers are offering CDHPs. They include Aetna Inc., The ChoiceCare Card, Definity Health, Destiny Health, Flexible Benefit Service Corp., HealthAllies Inc., Healthmarket, Humana Inc., Lumenos, MyHealthBank Inc., Self Insured Plans Inc., Vivius and numerous Blue Cross/Blue Shield plans ("The Blues").

Are Americans Equipped To Be Responsible Healthcare Consumers?

The question that remains relating to CDHPs is, "How well prepared are Americans to be more responsible for their healthcare?" Also, "Will they, in fact, be more prudent healthcare consumers when they have more skin in the game?"

In 2010, the Deloitte Center for Health Solutions issued a survey which found that only 23 percent of consumers believe they know how the healthcare system works. That was three years ago and before healthcare reform and the broader application of CDHPs. We can only imagine that a higher percentage of consumers are more confused today than ever before. Care managers can be the life preserver consumers need to better understand our bloated healthcare system and effectively access the services and optimum care they deserve.

The Greater Need Creates New Opportunities

Not only have CDHPs and healthcare reform created a greater need for the guidance and support of case managers, but there also are other market conditions driving increased opportunities for care managers. For instance, our nation's demographics are changing. Today, we have Americans living longer and with more chronic conditions, from diabetes and obesity to hypertension. Based on U.S. Census data, in 2011, 77 million Americans turned 65 years of age. It is projected that by 2020, the average life expectancy will be 100 years or more. Imagine our current healthcare system accommodating all of those people with all of the medical conditions that come with aging. Add to that the increased responsibility being placed on younger workers with the prevalence of CDHPs and it isn't hard to realize that case managers will be in much greater demand. Not only will consumers contract for case management services directly, but employers looking to contain their share of employee medical costs will implement a case management program either by having on-staff case managers for the largest em-

ployers or entering into a contractual outsourcing arrangement.

Another major shift in our nation's demographics is a cultural one. Our population is much more multicultural, as evidenced by a current trend to more communication information in two languages (English and Spanish). Hospitals, in particular, are providing their information in English and Spanish to reflect our growing Hispanic population. There are also many other ethnic groups for whom English poses a language barrier and the emphasis on having professionals able to communicate complex medical information to different ethnic groups is a real need. Once again, case managers, who understand different languages, as well as associated cultural nuances that exist for different ethnic groups, will be sought after for these critical skills.

The influx of advanced medical technologies and the associated terminologies also are proving a major hurdle for consumers. They need a caring professional to explain what an MRI, CT scan or EKG is and why it is important for a patient's specific medical situation.

Apart from these factors, there is also the matter of health illiteracy. In the past, the U.S. Department of Education conducts a survey to measure the public's health literacy. Its findings are not encouraging. In a prior survey, it found that 36 percent of American adults have only basic or below basic health literacy skills. Here again, care managers can be important patient advocates, educating them and helping them understand various health and medical terms. More so than physicians, care managers generally are perceived by patients as more approachable and accessible.

Americans Whose Health Is Already Compromised

Without question, healthcare education and help with navigating the system will become vital. Here's where the knowledge, experience, compassion and patient advocacy of care managers will become critical. This is especially true for individuals facing a certain medical conditions and/or diagnoses directly or for a covered family member.

For example, imagine the parent of a child born prematurely with developmental delays caused by cystic fibrosis. The child may be eligible for a state-intervention program, but will the parent know this without the help of a healthcare professional? Consider all the different agencies that may need to be contacted (i.e., Children with Special Health Needs, Aid to Families with Dependent Children, state-administered

cash grant programs, etc.). What about the patient who has end-stage renal disease? Will he/she know that Medicare automatically becomes their primary funding source after 18 months of dialysis even if the individual is still working but just for services related to the renal condition? Then there are those Americans with disabilities, such as blindness or other physical limitations, for whom federal and state programs exist.

In all these instances, the experienced care managers can be a tremendous resource to the patient and his/her family as well as the plan sponsor. Yes, it will take a care manager who is willing to navigate through the system and all the hurdles it provides when trying to access coverage and programs for their patients. However, isn't that what a caring care manager strives to do and wants to do? In addition, the convoluted government billing and report formats are challenging for professionals, let alone a lay person with no experience or knowledge of these systems. A care manager's role would extend to offering assistance in this area as well.

Meeting PPACA Requirements

While patients are a prime beneficiary of the care manager's increased role, so too will other sectors of the healthcare system benefit. PPACA has introduced new requirements which will hold providers much more accountable for their performance. The reduction of preventable hospital readmissions is clearly one of the new PPACA changes which will require providers to better manage the follow-up care of recently discharged patients. It will be in their best interests to particularly pay close attention to those individuals who fall within the highest incidence of readmissions (i.e., surgical patients, those with chronic obstructive pulmonary disease, cardiac conditions and/or congestive heart failure). Care managers can support these patients, monitor their compliance with post-discharge treatment plans, and help encourage their compliance in order to prevent a medical setback and readmission.

Closing Remarks

In sum, the role of the care manager in a system of consumer-driven healthcare is more essential than ever. With the heightened responsibility, however, also comes an opportunity to advance one's career and assume more responsibilities, and/or perhaps shift one's practice to that of serving patients directly in the community as community-based care manager in a private practice. In either case, the position of care manager gains higher status and recognition as an indispensable link between patient and the optimum care, especially when the patient is in a more accountable role as in the case of being covered by a CDHP. For care managers who crave more direct interaction with patients and the opportunity to really serve as a patient advocate, the new era in healthcare, along with reform legislation and CDHPs, present tremendous prospects for greater career satisfaction, growth and financial rewards.



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