

**Examining the Impact of
Consumer-Driven Health Care Plans:
An in-depth look at CDH plans after five years**

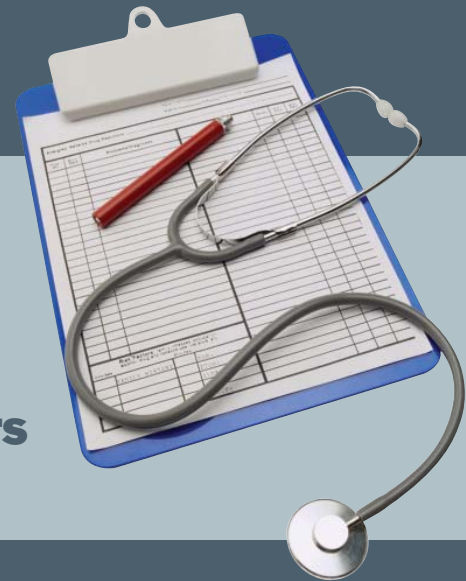


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Consumer-driven or traditional plan?

Which is more effective in changing consumer health behavior?
How does each affect health outcomes and cost?



Employers and other stakeholders continue to assess plan efficiency, value, and effect on consumer health decision-making. Looking across five years experience, UnitedHealthcare's most recent analysis confirms that answers remain consistent with those of the past – a well-designed consumer-driven health plan benefits both the consumer and employer by changing the use of health resources, not shifting costs.

Overall, those enrolled in Definity® CDH plans are 12–20 percent healthier than their peers in traditional plans. **Even after adjusting for these differences in health status, CDH plans perform better than traditionally designed benefits.**

UnitedHealthcare's study compares costs and utilization across 266,000 individuals enrolled in CDH plans, including Health Reimbursement Accounts (HRA), to 147,000 individuals enrolled in a PPO, between 2003 and 2007.

The patients



With the deepest and broadest experience in consumer-driven health, UnitedHealthcare examined five years of mature CDH plan results compared to PPO plan results. Demonstrating that CDH plans deliver sustained improvement over time, the analysis confirmed that CDH plan costs were lower than PPO plan costs in four out of five years. A deeper look at the two plan populations in the most recent calendar years (2006 and 2007) confirms that results are driven by changes in consumer use of health services, not cost shifting.

- 266,000 UnitedHealthcare Definity® CDHP (HRA model) members
- 147,000 UnitedHealthcare Preferred Provider Organization (PPO) plan members

Given concerns among employers and others about whether CDH plans work effectively across populations, including more vulnerable patients, the

analysis looked specifically at the experience of those with a chronic disease.*

- 108,000 CDH plan members with chronic conditions
- 69,000 PPO members with chronic conditions

The analysis included the following characteristics and experience for each plan:

- Demographics
- Health status
- Chronic disease status
- Medical care and pharmacy costs
- Utilization of health care

* Based on select Episode Treatment Group (ETG) numbers.

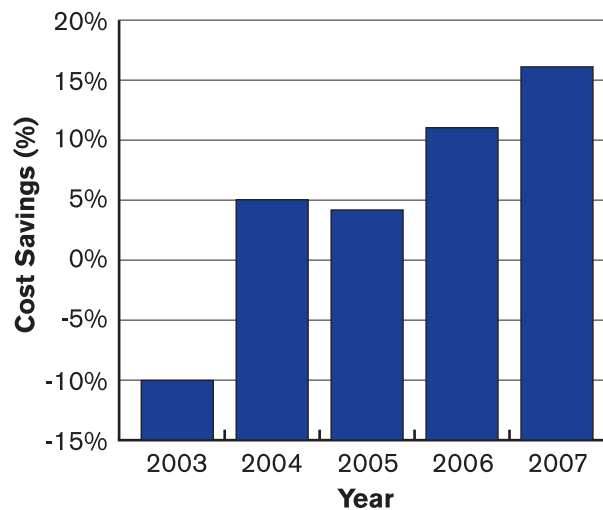
The positive test results

After adjusting for the influence of factors like health status and demographics, the results of the study showed that, overall, Definity CDH plan medical and pharmacy claim costs were consistently below those of the PPO. The analysis demonstrates these cost savings principally come from consumer behavior change.

Costs (Allowed PMPM)

- Total medical and pharmacy costs incurred for CDH plan members were consistently lower by 7% – 9%.
- Both medical and pharmacy costs were lower in CDHP. Pharmacy costs were 18% – 23% lower, while medical costs were 4% – 8% lower.
- Growth in total costs from 2006 to 2007 was slower by 2% in CDH plans. Employers saved 10% – 12% in their CDH plans.
- Employers savings in CDH are driven by changes in utilization, not cost-shifting to members. (Approximately 82% – 87% of savings were a result of utilization decreases.)

5-year comparison of HRA vs PPO, 2003-2007



In 2003, the total billed charges was higher in Definity CDHP compared to PPO. From that point forward, CDH costs remain consistently below PPO by up to 16% in 2007. Chart 1 shows the percent difference for each of the five years.

Utilization

- CDH plan members experience important changes in use, but continue to seek needed care:
 - Hospital admissions were similar in the two plans during 2006, but almost 20% lower among CDH plan members in 2007.
 - Levels of prescription drug use were essentially the same between the plans, yet pharmacy costs in the CDH plan were significantly lower than in the PPO plan. (A separate study, conducted by UnitedHealthcare, confirms that chronically ill individuals enrolling in a CDH plan are as likely to be compliant with their medications as people enrolling in other plan types.)
 - Frequency of physician office visits was very similar across the plans in 2006, but somewhat lower (6% lower) in the CDH plan in 2007.
 - Use of radiology services (e.g., mammogram, X-ray) was similar across the plans in both 2006 and 2007, and use of lab services was consistently higher (13% – 14%) among CDH plan members.
 - In a finding that needs further review, members of both plans visited the emergency room at similar rates in 2006, but CDH plan members had 18% more visits in 2007 when compared to PPO plan members.

Results among the chronically ill

Confirming that CDH plans can be effective for individual members across an employer's population, UnitedHealthcare found that CDH plan members with chronic conditions had similar results compared to the group as a whole.

- Costs were 7% – 8% lower for CDH plan members with chronic conditions, when compared to their peers in a PPO plan.
- Similar prescription and radiology use were found for members with chronic conditions in the CDH and PPO plans.
- Patterns of utilization among those with chronic conditions were similar to those for the entire population, and hospitalizations were similar across both CDH plan and non-CDH plan populations with chronic conditions.

Preventive care

- Frequency of routine/preventive visits were fundamentally equivalent across the plans.

A positive diagnosis

The results of UnitedHealthcare's five-year study are consistent with our earlier assessments showing that CDH plans deliver lower costs when compared to more traditional plans. Further, we find that this result comes principally from behavior change as opposed to cost shifting.

Our number one priority continues to be personalized solutions that improve health, support confident, informed health decisions, and in turn, lower costs. The result: a positive impact on our customer's bottom line and, most important, the health of our members.

This analysis was produced by UnitedHealth Group's Health Services Analysis team, a group of health researchers, epidemiologists and statisticians who assess the impact of our consumerism products and services on individual behavior and employer plans. They follow sound, objective methodologies, seeking external peer review, to produce reliable and accurate results.



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