

CDHP White Paper Podcast
v.3 (2651 words, est. 18 mins)

Production	Script
ANNOUNCER	<p>Hi. And welcome to Cigna’s podcast about a white paper we published recently. You can read along with <i>Maximizing the Value of Consumer Driven Health Plans</i>, or you can just sit back and we’ll take you through the highlights</p> <p>I’m your host, Frank Roche. In this episode we’ll talk with two Cigna experts about consumer-driven health plans. Nick Calabrese and Doug Melton walk us through Cigna’s eight years of research on CDHPs, their effectiveness, adoption and customer experience.</p> <p>First up, you’ll hear from...</p>
NICK CALABRESE	<p>... Nick Calabrese, I work in enterprise product solutions, and I head up our consumer driven product area here at Cigna.</p>
ANNOUNCER	<p>I started out asking Nick to give us a quick history lesson about CDHPs.</p>
NICK CALABRESE	<p>Yeah, so, CDHPs, they have been around now for over 10 years. Since they were first introduced they have grown tremendously as you look at the number of customers enrolled in them. And I think we are just now at a place if you think about when they first got rolled out, brand new plan type, we’re asking customers to become more consumers of health care but we did not have any of the tools available to them that really helped them on that journey.</p> <p>As technology has increased as it has become a bigger focus and that’s one of the things that I think we have done a tremendous job of here at Cigna was really just looking at the tools and resources that we wrapped around these medical plans to help people be successful in them; call it the 24/7 access of our call reps, call it the cost and quality tools, but I feel that now customers of ours as they’re in these plans are really have the access to start to act like true consumers and make those cost and quality decisions as they are evaluating how they want to consume their health care.</p>

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NICK CALABRESE	<p>Which is why we encourage as you're rolling out these plans the tactic that we find what works best is when employees are transitioning into these plans, and-build the plan in such a way that on average your employees are going to be paying the same amount out of pocket that they are today as they had been in their old plan. So it doesn't look like a takeaway for them.</p>
ANNOUNCER	<p>CDHPs have been around for a little more than a decade. And Cigna has been studying how they work and what choices consumers make when they're in a consumer-driven plan.</p> <p><i>Maximizing the Value of Consumer Driven Health Plans</i> is the name of the white paper we're talking about today. Nick talks about the underlying reasons we study CDHPs at Cigna.</p>
NICK CALABRESE	<p>We released eight studies over the years. Really looking at the effectiveness of CDHPs. Do they drive savings? Do they drive engagement? We would always hear some of the concerns of our clients and of our customers and we really tried to say well are those well-founded concerns? Or I mean are they – I hate to say the word –myths?</p> <p>We have found that for the most part that these plans are designed appropriately, they work well, and some of these myths are just that – they are myths. rather than just once again looking at those same measures and I guess verifying those results again, let's look at a few different things.</p> <p>One of the questions that's out there that we always got is, "Hey, is there any difference between HRA and HSA?" We really wanted to go a little bit deeper right there and that was the focus of one our studies so this white paper is actually the compilation of I would say three studies, three separate studies that we did. The first one was on HRA and HSA and really looking at those plans and trying to isolate out the variables to really say HRA versus HSA does that make a difference?</p> <p>What we found is the bigger difference is actually in</p>

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	<p>the plan design especially in the first year. So if an employer is concerned about how to reduce costs, and what plan should they put in, we're rolling out a plan should be: HRA or HSA I would say definitely in that first year we still want to look at in the out years call it five-six years once it's been in place, what the difference looks like but in that first year they should really focus in more on their plan design choices.</p> <p>What's a deductible level, how much am I going to fund either the HRA or the HSA? And that's going to drive a bigger result for them when it comes to total medical cost than the plan that they associate with whether that be a HRA or HSA we've seen clients over the years that have been tremendously successful with both so that was kind of the first study that we wanted to continue to look into that and look into more of that over time to see if there are differences there and what people can expect but at least in the first year focus in on plan design.</p> <p>The second piece of the whitepaper that we then studied was for the first time we were actually able to take our medical data and merge that with our customer's HSA data.</p>
ANNOUNCER	<p>So, as you heard, Nick talked about the first two major pieces of the study: We studied if there were any differences between HRAs – health reimbursement accounts – and HSAs – health savings accounts; and then we looked at HSAs and household income.</p>
NICK CALABRESE	<p>We then took a look at what the behaviors were and tried to see do our customers, is there, would the increased financial burden is there, is there a struggle or do we see differences especially with some of the lower income population. I think we're pleasantly surprised to find that they aren't avoiding care. I think that's the biggest concern that we see.</p> <p>We did see an opportunity for them to use care more effectively so I think that there's an opportunity again, on, with us, and with our clients to try and educate</p>

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	<p>them a little more on how the plan works and make sure that they understand it. But I think overall that it wasn't that they were avoiding care but there was more of an opportunity for them to use it more effectively.</p> <p>So, an emergency room visit where they could have gone to an urgent care center, as an example.</p> <p><u>Frank Roche</u> Okay, okay. Great outcome-</p> <p>On the flipside, what we did see was the stronger correlation where we saw regardless of income was actually to contributions into your HSA. So the higher the contribution, the better the health management results we saw. So the more use of preventive care, the fewer ER admissions.</p>
ANNOUNCER	<p>At this point, I asked Nick about the underlying idea with consumerism: The more we look at it like it's our money, the better decisions we make about it.</p> <p>Is it the more we contribute, the more responsible we are?</p>
NICK CALABRESE	<p>Yeah. Yeah that's exactly it. I think what, I think it is that ownership that they develop as they are looking at it right, it's their money, how do we maximize this. they do understand that it is theirs, and the goal then is to make it last longer and stretch it further so we see them taking the appropriate actions to then keep more of that money in their bank accounts.</p>
ANNOUNCER	<p>Nick mentioned there were three parts to our <i>Maximizing the Value of Consumer Driven Health Plans</i> white paper. He talked about HRAs and HSAs. And about the study about household income and utilization. The third part of the study that we outline in the white paper is about predictive analytics.</p>
NICK CALABRESE	<p>And that's where our analytics team did a tremendous job in developing a predictive model to really identify which of, who of in your population is going to struggle with this transition into CDHP, and then, how can we help them? And right now we are in a process of</p>

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	<p>piloting this with clients, two clients right now. we're sending different messages to different populations that we've identified to help them with that transition. Identifying where they might struggle, and then developing the messaging around that to help them transition into it.</p> <p>We're excited about it, and I hope to report back that in a year and let you know how that went after they have gone through. We're going to continue to send out messages to them, that are relevant to them, over the course of the year to really help them assimilate into these plans.</p>
ANNOUNCER	<p>You can find out a lot more about <i>Maximizing the Value of Consumer Driven Health Plans</i> by reading the white paper. And there's more.</p>
NICK CALABRESE	<p>We'll be issuing a press release that will have links and will direct you to the white paper, that is scheduled to go up on September 8th. Subsequent to that we have a communication campaign through social media that will be available, so via Twitter, via LinkedIn, via Facebook, we'll be pushing out some of the results that we found through the white paper and providing them with the opportunity to get more information.</p>
NICK CALABRESE	<p>Last thing I just mentioned, I think we've seen tremendous growth, tremendous success with these products.</p>
ANNOUNCER	<p>I never let anyone out of the studio without asking an off-topic question or two. I asked him this question: If you could have only one super power, either to be able to be invisible or to be able to fly, which one would you choose?</p>
NICK CALABRESE	<p>I think I would want to fly.</p>
ANNOUNCER	<p>Bam. Wait until the end of this podcast to hear what our next guest chose. Meanwhile, let's get to the behavioral economics of the <i>Maximizing the Value of Consumer Driven Health Plans</i>.</p>

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	<p>Here’s where we talk about Part 3 of the study – the predictive analytics. Here’s our next guest – who was traveling, so the recording you hear will be from a telephone interview we did. The sound quality is less than optimum, but to hear a PhD behavioral economist speak so distinctly about CDHPs and motivation. Well...let’s hear him introduce himself.</p>
DOUG MELTON	<p>Hi, I’m Doug Melton. Director of Analytics at Cigna Healthcare.</p>
ANNOUNCER	<p>And let’s hear about what a Director of Analytics at Cigna has to say about behavioral economics.</p>
DOUG MELTON	<p>We try to understand the psychology and decision making of not just costs, but messaging, preferences, behaviors, attitudes, everything that might sort of get you to, everything to your information to your intake to, selecting a plan differently, choosing a doctor differently, going to the hospital next week instead of this week. Some of those are financial, but a lot of those is how information is presented to us.</p>
DOUG MELTON	<p>So analytics are great, but analytics are only good if they can be turned into action that benefits customers.</p>
ANNOUNCER	<p>Analytics into action. That’s what predictive analytics are about. And it’s what we studied in <i>Maximizing the Value of Consumer Driven Health Plans</i>.</p>
DOUG MELTON	<p>Something else people often forget is that we focus on the sick naturally, right? Oftentimes with these policies, lower risk individuals will say, “Well, I’m really going to avoid the care because the fear of this that I have is although my visits aren’t expensive, that’s more money I can keep as interest in this bearing account?”</p> <p>And so what we also always want to do on the other side of the coin is look at the healthier population and make sure they are not actually getting sicker because they are avoiding care in their case, mostly preventive and what we call fall and maintenance care.</p>

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ANNOUNCER	Our study looked at health behaviors across the spectrum for people who used CDHPs.
DOUG MELTON	So, we have this exponential growth, and the reality is although, the majority of the group isn't necessarily avoiding care, it's just one minor finding. it's a paramount shift of saying so you as a customer, particularly this is employer sponsored insurance at Cigna, for this is what the study, there's a transition in the marketplace, but in these core years from 2009 to 2014, really, this is the bread and butter of employer sponsored insurance.
ANNOUNCER	That's the background on CDHPs. Now Doug digs into the research findings from <i>Maximizing the Value of Consumer Driven Health Plans</i> .
DOUG MELTON	<p>Okay, so what did our studies find? We found that in our sample, again, roughly fifteen thousand employees we looked at for over five years across eleven employers, roughly four different major industries. So we can actually see a very, very diverse group of people over time, I cannot emphasize that enough.</p> <p>So we found that nearly 44% of our folks nearly transitioned into the group. These individuals were typically younger, these individuals were typically female, these individuals typically seem to be better shoppers of care. And then they have very little care as well, these are folks that prior to CDHP weren't using care that much anyways.</p>
DOUG MELTON	So basically, we're saying within three years our model is roughly saying that 3/4ths of the sample will be successfully transitioned, and just under half will transition in their first year. Again the difference at the highest level between those who seem to do it very early on, versus those that struggled at the end, was driven by three things.
DOUG MELTON	At Cigna our marketing partners, our analytics team partners are coming up with creative ways to tailor messages to those individuals in that latter year, that we wanted, that they're going to struggle, to hopefully

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	make them have a smoother transition.
ANNOUNCER	Okay, that wraps up our discussion of <i>Maximizing the Value of Consumer Driven Health Plans – the podcast</i> . There is one more thing. Remember when I asked Nick Calabrese about being invisible or flying? When I asked Doug, he said I had to go first. I said “flying” because I can fly in my dreams...but I’m afraid of heights. Here’s what Doug said when presented with a choice of a single super power – being invisible or being able to fly.
DOUG MELTON	Okay. Superman here. I think I would go with flying, and the reason why is being invisible would probably have you hear things that you shouldn’t hear, or see things that you shouldn’t see. So I don’t know if that’s a good or bad thing, so I won’t go deep on it. People have closed door conversations for a reason, and I think if I was invisible I would want to sit in on those conversations, and I might hear some things that would make me feel, my people, my surroundings that I wouldn’t want to hear. The flying is very nice because I am a traveler, my wife is from overseas, so if I could fly I could save some money, and put them on a plane and say hey guys I can meet you over in London in a couple of hours.
FRANK ROCHE	Nothing like, always an economist man. Laughter.
ANNOUNCER	That’s a wrap on Cigna’s white paper <i>Maximizing the Value of Consumer Driven Health Plans</i> with Nick Calabrese, Director of Consumer-Driven Health Plans in our Products Solutions organization, and Doug Melton, Director of Analytics. Links to the white paper are included in the show notes for this program. Thanks for listening. Cigna: Together all the way.