

# Take your institution to a healthier place

## Aetna's Consumer-Directed Health Plans

Health benefits that support your school's cost-containment strategy

Faced with shrinking endowments and state and local funding, colleges and universities want to contain costs, provide competitive benefits and take care of their number one resource — faculty and staff. In many respects, the country's colleges and universities are in the crosshairs of competing social needs and economic realities.<sup>1</sup>

Today, schools are evaluating how to manage their health care dollars more effectively and transfer funds to other areas. Offering consumer-directed health plans is one way you can support your school's cost-containment strategy. They can help reduce health care spending and motivate your faculty and staff to be part of the cost-containment solution.



<sup>1</sup>A Report from The National Center for Public Policy and Higher Education and Public Agenda. The Iron Triangle: College Presidents Talk About Costs, Access, and Quality. Prepared by John Immerwahr, Jean Johnson, and Paul Gasbarra. October 2008. Available at <http://www.aascu.org/policy/media/cost.pdf>. Accessed February 5, 2009.

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## Consumer-directed health plans put faculty and staff in charge of their health care

### What CDHPs are and how they are changing health care

CDHPs are designed to help faculty and staff take charge of their health care. The plans require them to share health care expenses with their institution. Once they begin to pay for and understand health care costs, they are more likely to focus on preventive care and maintaining their health.

In 2009 Aetna completed a six year study of CDHPs. The results show that CDHP enrollees seek more preventive and follow-up care to improve and maintain their health. They also tend to use generic drugs and access online tools and information to actively manage their care and costs. The outcome — sustained savings over time for employers, while enrollees get the care they need.

The trademark feature of a CDHP is a high deductible. Deductibles require enrollees to pay a set amount for covered services before the plan will issue benefits.

A CDHP also has set copays and coinsurance, which require enrollees to share the cost of most health care services. Finally, a CDHP is also accompanied by a Health Savings Account (HSA\*) or Health Reimbursement Account (HRA\*). These accounts allow members to set aside pre-tax dollars for health care expenses. They make it easier to budget and plan for annual expenses.

So, what's the verdict? The data is encouraging:

- Consumer-directed health plans delivered substantially lower costs per employee than either preferred provider organizations or HMOs in 2006.<sup>2</sup>
- Recent studies have supported the view that high-deductible plans generally help lower health care spending at the individual level, including out-of-pocket costs.<sup>3</sup>
- Several studies reported an increased use of preventive care in consumer-directed plans and increased adherence with prescribed treatment.<sup>3</sup>

### Keys to a successful CDHP

One of the most important factors in implementing a successful CDHP is providing faculty and staff with the information they need — how the plan works and how it differs from their existing benefits. Studies show that when people have a strong understanding of their CDHP plan, and feel comfortable with the level of perceived financial risk associated with it, they become better health care consumers.<sup>4</sup>

### Education of faculty and staff

Aetna<sup>†</sup> makes a wide range of resources available to colleges and universities to help them transition to this type of plan. To get institutions off to the right start Aetna provides a human resources guide that takes the mystery out of successful implementation of a CDHP. It allows benefits decision makers to sample Aetna's suite of reports. Plus, the guide supports sustained outreach to faculty and staff to encourage adoption, education and efficient use of the plan benefits and programs.

\*HSAs and HRAs are not available to HMO members in Illinois.

<sup>2</sup>Domaszewics S. Consumerism in health care: a reality check. Workforce Management. August 2007. Available at <http://www.workforce.com/section/02/feature/25/03/94/index.html>. Accessed February 4, 2008.

<sup>3</sup>Rand Health Consumer-directed health care: early evidence shows lower costs, mixed effects on quality of care. 2007. Available at [http://www.rand.org/pubs/research\\_briefs/2007/RAND\\_RB9234.pdf](http://www.rand.org/pubs/research_briefs/2007/RAND_RB9234.pdf). Accessed February 4, 2008.

<sup>4</sup>AIS Consumer-Directed Care. A Great consumer-directed plan design cannot overcome education shortcomings. June 15, 2007. Available at: [http://www.aishealth.com/ConsumerDirected/CDArticles/CDH\\_Plan\\_Shortcomings.html](http://www.aishealth.com/ConsumerDirected/CDArticles/CDH_Plan_Shortcomings.html). Accessed February 4, 2008.

# Wellness, member responsibility, education and communication — the keys to a successful CDHP

In addition to broad-based information and resources, here are a few examples of specific tools available to help faculty and staff and their families:

- **Plan Selection & Cost Estimator** — Estimate out-of-pocket health care costs, compare plan offerings and determine which plan best meets their families needs.
- **HSA Savings Calculator** — Review potential account balance over time, estimate tax savings and compare the performance of several different savings scenarios.
- **HSA Maximum Contribution Tool** — Determine annual contribution limits and factor in school contributions or catch-up contribution amounts, if applicable.
- **HSA and HRA online tutorials** — Explains why health plans are changing, what health care consumerism means, and how HRAs and HSAs can offer important benefits.
- **Online videos** — Explains how the HRA or HSA plan works in a simple conversation and personal style. Modules make it easy for members to review the information that matters most to them.
- **CDHP online toolkit** — Aetna's interactive toolkit guides your institution in communicating with and educating your faculty and staff as you introduce your CDHP.

## Plan design considerations

One of the features of the CDHP benefit design is to promote cost-consciousness and discourage inappropriate care, without deterring consumers from seeking needed care.<sup>3</sup> This feature is supported by preventive care and wellness programs designed to help members achieve and maintain optimal health. Aetna has always offered 100 percent coverage of preventive care with CDHPs, as well as a variety of programs to help members take steps toward a healthier lifestyle.

Up to 70 percent of health care expenses are preventable.<sup>5</sup> This is because many people, often unknowingly, make unhealthy choices or take unnecessary risks with their health. Wellness programs are the key to helping your faculty and staff:

- Learn how to make health changes for life
- Prevent diseases and complication
- Stay satisfied and more productive at work

Wellness programs are available for all health stages and lifestyles. From simple and self-directed to more involved personal coaching programs. The programs help smooth the transition to a consumer-directed plan and boost its success.



## Social needs and economic realities meet

No matter where you are in your own benefits review process, ask yourself these important questions when considering a health care benefits partner:

- Do they understand the unique challenges of higher education?
- Do they come highly recommended by my colleagues?
- Do they excel in service, technology and reporting?

Find out more about Aetna health plans, wellness programs and consumer tools by visiting **[AetnaKnowsHigherEd.com](https://www.aetna.com/HigherEd)**. You'll also see what other schools are saying about their Aetna experience.

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<sup>5</sup>DeVol R, Bedroussain A. An unhealthy America: The economic burden of chronic disease. The Milken Institute. Oct 2007.

The country's colleges and universities are in the crosshairs of competing social needs and economic realities

## Michigan Tech's experience with CDHPs

Michigan Technological University (MTU) felt its benefits programs could provide greater flexibility in adjusting total compensation, in order to attract and retain the best faculty and staff.

Working with the established Benefits Liaison Group (BLG), an advisory group consisting of key professional staff and University Senate representatives, Michigan Tech set out to provide the best possible benefit program within available resources.

With an eye toward cost-containment, Michigan Tech replaced their original health care plan with more options — options intended to shift faculty and staff from unaccountable consumers into the role of informed consumers with the tools to plan and manage their own health care.

### Actions and results

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#### ON THE RECOMMENDATION OF BLG, MICHIGAN TECHNOLOGICAL UNIVERSITY:

- Introduced more plan options, including a high-deductible Health Savings Account (HSA) plan to allow individuals of different ages, family status and life stages the ability to customize salary and benefit packages based on their needs and goals
- Shifted compensation from benefits to salary, thereby reducing the benefit rate to be more competitive with other local and national universities
- Fully educated faculty and staff about their new benefits options and the consequences of their chosen contribution amount

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#### ACCORDING TO ELLEN HORSCH, VICE PRESIDENT FOR ADMINISTRATION, THESE CHANGES RESULTED IN:

- More than 35% of faculty and staff enrolling in the HSA plan
- Greater faculty and staff flexibility in how they spend their benefit dollars
- A lower fringe benefit rate
- An increase in faculty and staff salaries, as a result of shared savings from the new plan

†Health benefits and health insurance plans are offered, underwritten and/or administered by Aetna Health Inc., Aetna Health of California Inc., Aetna Health of the Carolinas Inc., Aetna Health of Illinois Inc., Aetna Health Insurance Company of New York, Aetna Health Insurance Company and/or Aetna Life Insurance Company (Aetna). In Maryland, by Aetna Health Inc., 151 Farmington Avenue, Hartford, CT 06156. Each insurer has sole financial responsibility for its own products.

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