

INSIDE CONSUMER-DIRECTED CARE

News and Analysis of Benefit Design, Contracts, HSAs, Market Strategies and Financial Results

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23% of 'Jumbo' Employers Will Offer CDH Option for 2006, ICDC/ISCEBS Survey Finds

About 23% of "jumbo" employers will make an account-based CDH plan available to their employees during this fall's open-enrollment season, according to an exclusive survey of employee benefits consultants conducted by ICDC and the International Society of Certified Employee Benefits Specialists (ISCEBS).

The survey — conducted between Sept. 12 and 23 — asked consultants how many of their employer clients made a CDH plan available to their employees in 2005 and how many would offer such a plan for the 2006 plan year. Collectively, the 67 employee benefits consultants who participated in the survey represent nearly 700 jumbo employers (more than 10,000 employees); 1,328 large employers (2,501 to 10,000 employees); 1,321 medium employers (500 to 2,500 employees), and more than 8,000 small employers (fewer than 500 employees). Respondents reported an increased interest in CDH plans across all employer groups.

"The survey findings confirm that the goal of controlling health care costs will increasingly lead employers of all sizes to implement CDH plans," says ISCEBS President Dave Repko, an employee benefits consultant in the Cleveland office of Towers Perrin. "The study points out that while HRA-based plans will continue to grow, the growth of HSA-based plans is likely to be more significant."

continued on p. 6

Credit Unions Increasingly Eye HSAs as More Employers Roll Out HDHPs for 2006

Credit unions say that because they are owned by their members — rather than by stockholders or other investors — they can offer HSAs without tacking on administration fees. They also say they can offer their members more personalized service than can many national HSA administrators. Some large employers have a credit-union branch on site.

Only about 125 of the nation's 9,100 credit unions now offer HSAs to their members. Some have never heard of HSAs or aren't very familiar with them. Others equate them to Archer medical savings accounts, a precursor to HSAs that never gained much traction. At a meeting held in Chicago last June, Roy Ramthun, senior health policy advisor to the White House National Economic Council, told attendees that the Treasury Dept. wants to see more local banks and credit unions administer HSAs (*ICDC 7/8/05, p. 3*).

Several credit unions contacted by ICDC say they do not yet offer HSAs, but are considering them for 2006. "It's definitely something we're looking into right now," says Mark Arnold, a spokesperson for Dallas-based Neighborhood Credit Union.

Most credit unions have made HSAs available in response to an employer client that made a high-deductible health plan (HDHP) available to its employees, says Mary Crosby, product manager at Bankers Systems, a St. Cloud, Minn.-based company that provides banks and credit unions with record keeping, training and consulting

services. She predicts that more credit unions will make HSAs available in 2006 in response to health plans offered by employers at this fall's open-enrollment period. But if credit unions are interested in administering HSAs in 2006, they need to get started immediately, says Tim Morales, president of hsa Trustee Services, a Lake Geneva, Wis.-based HSA administrator that helps banks and credit unions offer HSAs to their members.

Credit Unions Need to Move Now for '06

"We are telling them that if you want to offer [HSAs] in 2006, you need to get started now so that you can notify your customers before they go through open enrollment. You can't wait until New Year's Day," he says. "It's amazing how many [local banks and credit unions] aren't familiar with HSAs." Morales says he often calls the local credit union when he hears about a large employer that has rolled out an HDHP.

Credit unions that do administer HSAs say interest in the accounts has been tepid, but they predict that could change in 2006 if a large number of employers make HSA-based plans available this fall.

St. Joseph, Mich.-based First Resource Federal Credit Union announced its ability to administer HSAs

in December 2004. The firm says it has since opened just 60 HSAs — the average balance is about \$600. Marie Williamson, the credit union's vice president of operations, says business has recently begun to pick up steam.

"Credit unions pride themselves on the personalized service we give to our members," she says. "We also have financial service advisors to help [members] understand all of the features and how to access their accounts," she says. "All of a sudden, as businesses find out that we offer [HSAs], we are opening more accounts. With a little effort this year, we think they will really take off." Beginning Nov. 1, HSAs will be marketed to First Resource's members as part of an extensive package of services that includes credit cards, payroll services and short-term business loans.

One of the nation's first credit unions to offer HSAs was HealthAmerica Credit Union, a Jacksonville, Fla.-based organization whose 14,000 members include employees of BlueCross BlueShield of Florida as well as employees from all of the hospitals in the region. HealthAmerica has been promoting itself as an HSA administrator through local radio ads since January 2004, the month HSAs became available, says CEO Maury Pilver. The credit union has since amassed "several hundred thousand dollars" in deposits, he says.

HSAs are "the single largest thing in banking since IRAs [individual retirement accounts], and we see a great future in them," Pilver asserts, adding that he has had discussions with several national health plans that are interested in forming a partnership with his firm.

Local Presence Makes CUs Attractive

While most health plans have a partnership with at least one HSA administrator, some employees will prefer to work with a local firm to administer the accounts, says Dennis Zuehlke, compliance manager for CUNA Mutual Group, a Madison, Wis.-based firm that provides insurance and financial services to most of the nation's credit unions. An increasing number of credit unions have been approached by employer groups and insurance brokers that want a local HSA fiduciary, he says.

"Credit union members tend to be very loyal and look to [their credit union] to provide these types of services," he says. "The brick and mortar presence of a local credit union is also appealing to some account holders. If they have questions [about the HSA], they know that they can sit down and discuss them with the person who handles all of their other accounts."

This year, CUNA rolled out a program that provides credit unions with administrative support for HSAs. Zuehlke says he has received more than 600 inquiries about the program. Credit unions, he explains, look at HSAs in much the same way they look at IRAs. "They are both tax-advantaged accounts that have tax-report-

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ing requirements." About 60% of credit unions offer IRAs. Zuehlke says a similar percentage will eventually offer HSAs.

However, while many credit unions recognize that HSA administration is a service they will need to offer their members, some of them do not have a data-processing system in place that is compatible with the accounts, Zuehlke adds.

Credit unions tend to offer limited HSA investment options — typically just a money-market account. Because of that, credit unions are likely appeal more to people who view their HSA as a transaction account, rather than to those who plan to use it as an investment vehicle, Zuehlke says.

"Transaction accounts are the bread and butter of credit unions," he says.

Grand Rapids, Mich.-based Lake Michigan Credit Union (LMCU) made HSAs available to its members last April. So far, there has not been a tremendous demand for the accounts — just 200 have been opened so far, says Julie Blitchok, vice president of operations and marketing. Investment options are limited to money-market accounts that pay an interest rate of 1.5% for accounts of less than \$1,000; 2.5% for balances between \$1,000 and \$4,999; 2.75% for balances between \$5,000 and \$14,999; and 3.5% for balances of more than \$15,000. Like most credit unions, LMCU doesn't charge a fee to administer the accounts.

Once HSA balances reach \$10,000, Zuehlke suspects account holders will look for an administrator that offers a larger range of investment options. HealthAmerica's HSAs have earned 5% interest since the accounts became available in 2004. His firm is looking into the possibility of adding mutual funds and other investment vehicles.

"We have several hundred thousand dollars in HSA deposits, and see a great future in them," Pilver says. "But they haven't blown the roof off yet."

Contact Williamson at mwilliamson@frfcu.org, Zuehlke at dennis.zuehlke@cunamutual.com, Morales at hsatrusteeservices@yahoo.com, Blitchock at jblitchok@lmcu.org or Pilver at mpilver@aol.com. ♦

Destiny Begins Plan Year With New Digs, More Members, Less Staff

Destiny Health, one of the pioneers of the CDH movement, finished its plan year on June 30 with about 25% more enrollees than it had last January. It also finished with an operating loss of \$13.6 million, according to *Business Day*, a South African newspaper.

Much of the reported loss was tied to the transition of Destiny's back-office functions to its South African

parent company, Discovery Health. As a result of the transition, Destiny says it reduced its operating staff by about 25% over the past year.

"We have been under a deliberate strategy to move much of our backbone to South Africa," Destiny President Scott Spiker tells *ICDC*. "Anything that can be streamlined is now being done there." Discovery provides account-based health coverage to more than 1.8 million people in South Africa.

The majority of Destiny's members are in Illinois, a market dominated by BlueCross BlueShield of Illinois. Spiker says the Blues plan, a division of Health Care Service Corp. (HCSC), has grown increasingly competitive. Destiny's CDH products also are marketed by The Guardian Life Insurance Company of America in Illinois, Virginia, Washington, D.C., and Maryland, and are available in Massachusetts through a partnership with Tufts Health Plan. Some affiliated brokers sell the plans in Wisconsin.

continued

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- ✓ *AIS's Directory of Health Plans*, a 487-page softbound book with the most comprehensive data available on the managed care market; a CD database is sold separately.
- ✓ *A Basic Guide to Health Savings Accounts*, a 110-page book that weaves together all statutory provisions, regulations and Treasury guidance to present clear explanations on funding, eligibility, contributions, portability and more.
- ✓ *Managed Care Facts, Trends & Data*, a 372-page softbound book with health plan news, trends, data, directories and other practical resources.
- ✓ *Managed Medicare & Medicaid Factbook*, a 554-page softbound book packed with rates, benefit designs, trends, directories and strategies on Medicare Advantage and managed Medicaid.
- ✓ *Consumer-Directed Health Care: Facts, Trends and Data*, a comprehensive 428-page softbound book featuring case studies, results, plan designs, strategies, directories and other practical information.
- ✓ *Case Studies in Health Plan Pay-for-Performance Programs*, a softbound book with the details of P4P programs of seven leading health plans, featuring practical guidance on designing and implementing effective programs.

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Through its partnership with Guardian, Spiker says, Destiny is preparing to enter four markets in Texas: Dallas, Houston, San Antonio and Austin. The move will likely be completed before the end of 2005, he says. About 10 Destiny sales and support staffers have already relocated to Texas in anticipation.

By the end of 2006, Spiker predicts, Destiny will see its enrollment double to more than 120,000 covered lives. Texas is a PPO-dominant market, which "bodes well" for Destiny's PPO-based CDH plans, he says. The Texas Blues plan is owned by HCSC. In an interview with *Business Day*, Discovery President Adrian Gore said Destiny had been too slow in entering new markets, and had been expected to move into Texas before the completion of the plan year that ended June 30.

On Sept. 30, Destiny moved its headquarters, and its 150 employees, from Oak Brook, Ill. to downtown Chicago with a ribbon-cutting ceremony attended by Mayor Richard M. Daley. Spiker says rent for the new location is about the same as it was in the suburbs, but the space is about 50% larger. The downtown location, he says, will give Destiny access to a deeper pool of potential clients and closer proximity to benefits consultants and insurance brokerage firms.

Destiny Enhances Vitality Program

Destiny says recent tweaks to its Vitality Program will give employers the ability to see how their employees are progressing along "the health spectrum." Vitality is a health and wellness program that rewards employees when they make healthy lifestyle choices, such as joining a weight-loss program or walking to work. The program is modeled after one used in South Africa.

Recent changes to the program were prompted by an actuarial study of the South Africa program conducted by Milliman USA. The study determined that members who participate in the program have lower health insurance claims.

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"We have always believed that Vitality was good and had positive impacts. This study was a true validation from external sources," says Stuart Slutsky, vice president of group products and technical marketing for Destiny. One of the key findings of that report, he says, is that many people think wellness programs are for people who are healthy and not for those who are sick.

"But the study showed that people who are sick are more likely to participate," he tells *ICDC*. Singles and couples who participate in the program are more likely to have chronic conditions than are non-Vitality participants of the same age, according to the study. However, those enrollees generally have lower insured claim costs, Destiny finds.

Contact Slutsky at sslutsky@destinyhealth.com. Visit www.destinyhealth.com and www.guardianlife.com. ✧

Blues Beef Up Their CDH Portfolios With New Plans, Tools for 2006

Several Blues plans say they are enhancing their CDH products in anticipation of this fall's open-enrollment season. Collectively, the nation's Blue Cross and Blue Shield plans report having more than 1 million lives covered by an account-based CDH plan (*ICDC* 7/22/05, p. 1). And the BlueCross BlueShield Association says people who are enrolled in a CDH plan tend to be more satisfied with their coverage than those enrolled in more traditional health plans.

This month, BlueCross BlueShield of Tennessee rolled out its first health reimbursement arrangement (HRA)-based CDH product. Next month, Blue Cross Blue Shield of North Carolina says its first HSA-qualified high-deductible health plan (HDHP) — Blue Options HSA — will be available to individuals for a Jan. 1, 2006, effective date. Horizon Healthcare Insurance Co. of New York — a subsidiary of Horizon Blue Cross Blue Shield of New Jersey — recently launched a group of HSA-qualified HDHPs. And Blue Cross Blue Shield of Minnesota says enrollment in its CDH plans is likely to double on Jan. 1 to 200,000 lives.

The North Carolina Blues plan says premiums for its new individual HSA-compatible plan could be as much as 50% lower than are premiums for Blue Advantage, its more traditional PPO plan.

The insurer also has made improvements to its HSA-based group product, and will launch a new HRA-based plan this month for a Jan. 1 effective date. The new health plans, the insurer says, will give it "one of the deepest portfolios of CDH plans in the country." Members will be able to use a Web portal to access their account information.

Blue Cross Blue Shield of Tennessee says its new HRA-based product was made available this month for a Jan. 1 effective date. The product, which previously had been available only to self-insured employers, is now available to fully insured employers with at least 26 eligible employees. New comparison tools will help employees with multiple plan options compare plan features side by side. Employees enter their estimated health care use for the next year to determine the projected health care costs associated with each plan option, including employees' premium contributions and out-of-pocket costs.

Other tools in the CDH suite include a drug calculator, hospital quality comparison data, a provider directory and several health management tools. In July, the Tennessee Blues plan told *ICDC* that more than 450 employers had made its HSA-compatible health plan available to employees.

CDH Enrollees Are More Satisfied

At a Sept. 28 news conference in Washington, D.C., Maureen Sullivan, senior vice president of strategic services for the BlueCross BlueShield Association, called

CDH "one of the most significant product developments in health care in many years."

Sandy Shapiro, vice president, community accounts at Blue Cross and Blue Shield of Minnesota, told attendees that the Minnesota Blues plan would likely see its CDH enrollment double from 100,000 to 200,000 by Jan. 1, 2006. In terms of CDH enrollment, the Minnesota Blues plan is the largest of the Blues. Shapiro told attendees that utilization rates among those enrolled in a CDH plan are 7% to 8% lower than for those enrolled in a traditional plan. CDH enrollees also have 8% to 10% fewer visits to the emergency room, he added. Shapiro said that some insurance agents that he works with now say 95% of their business is related to CDH plans.

A random sampling of 3,000 people conducted by the Blues association determined that 68% of HSA-eligible enrollees are satisfied with the performance of their insurer. More than 70% of those enrollees said they were satisfied with their access to preventive care and wellness services, and 69% said they were satisfied with the health benefits offered by their insurer. Sullivan cautioned that HSA-based plans are still very new and that enrollees have limited experience with them. However, she said, "the growth rates of [HSA-based plans] are likely to continue at a fast clip."

Knowledge Networks — an independent polling company — conducted the Web-based survey, which queried people who have health coverage through a Blues plan or via a commercial carrier.

CDH Attracts Previously Uninsured Persons

Other survey highlights showed:

◆ *CDH enrollees are more likely to use information tools:* The survey determined that people enrolled in an HSA-based plan are much more likely to use information tools than are those enrolled in more traditional plans (see table, this page).

◆ *A higher percentage of HDHP enrollees has a college education.* About 45% of HDHP enrollees have a college degree, while only 35% of those enrolled in more traditional plans have a degree.

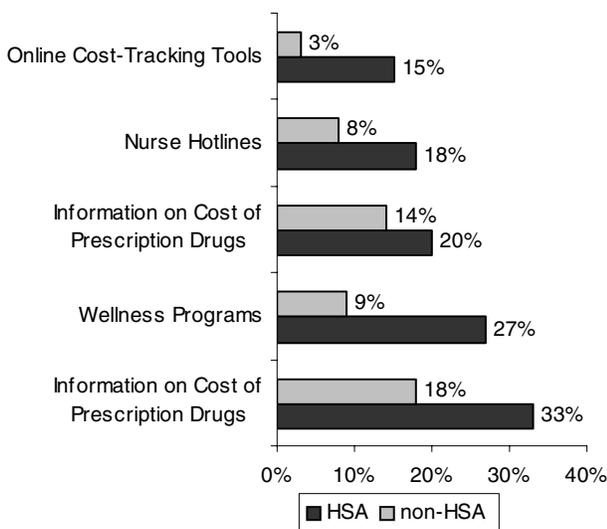
◆ *HDHPs are popular among the previously uninsured:* About 12% of people who have an HDHP this year did not have health coverage in 2004. Another 11% of survey respondents who said they were uninsured a year ago are now enrolled in an HRA-based plan through an employer. Only about 6% of those enrolled in traditional health coverage this year did not have health coverage in 2004.

For a look at the complete survey results, or to see a Webcast of the Sept. 28 news conference, visit <http://bcbshealthissues.com/events/consumer/>. ♦

HSA Enrollees Are Twice as Likely To Use Some Information Tools

HSA-eligible enrollees are more likely to see out and use information than are those enrolled in more traditional health coverage, according to a recent study conducted by the BlueCross BlueShield Association.

Percentage of Respondents That Use:



SOURCE: BlueCross BlueShield Assn., September 2005

AOL Co-Founder Advances CDH Venture With Six Acquisitions

Revolution Health Group, a company founded last summer by America Online co-founder Steve Case, said Oct. 5 that it had completed the acquisition of six companies, made an investment in a seventh company, and hired a senior management team. Revolution says it will be the nation's first comprehensive CDH company in which "patients are put at the center of the health care system."

"I think the investments we announced today lay out the path of where we're headed," Ron Klain, Revolution's executive vice president and general counsel, tells *ICDC*. Klain declines to disclose the acquisition price for any of the companies. Three acquisitions will be used to help Revolution build a health portal for consumers in 2006. myDNA Media, Inc. an Austin, Texas-based company, provides health information and services through its portal, www.myDNA.com. It also offers a toll-free telephone number that helps consumers find doctors and schedule appointments. Simo Software, Inc., an Oakland, Calif.-based company, has developed software that allows consumers to manage their health care spending, records and finances. And Wondir, Inc., based in Bethesda, Md., offers a "live question and answer engine." Revolution says it expects to make additional acquisitions to improve its content.

Revolution says it has also acquired a controlling interest in two software companies: Extend Benefits LLC, a Salt Lake City-based vendor of HSA software, and ConnectYourCare, Inc., which calls itself a CDH platform that includes HSA administration. Both companies will continue to develop and market products under their own brands. And Revolution says it has purchased a minority position — with an opportunity to acquire a majority stake — in InterFit Health, a Houston-based company that conducts health screenings and immunizations at retail outlets and at employer worksites.

Case committed \$500 million from his own pocket to get his project off the ground and has recruited several high-profile investors including former Secretary of State Colin Powell (*ICDC* 7/22/05, p. 3).

Visit Revolution at www.revolution.com. ✧

HSAs Seen Gaining on HRAs for '06

continued from p. 1

While jumbo employers are more likely than their smaller counterparts to roll out a CDH plan this fall, the smallest employers are more likely to move to a full-replacement CDH strategy (see table, this page), according to benefits consultants.

But medium-sized employers are much more likely than are large employers to offer a CDH plan, respon-

HRAs Most Popular Among Large Employers for 2006

Number of Employees	Offered HRA-based Plan for 2005	Will Offer HRA-based Plan for 2006	Of Those offering HRAs for 2006, How Many Will Be Full Replacements?
Fewer Than 500	1.5%	2.4%	44.3%
501 to 2,500	5.8%	12.1%	16.3%
2,500 to 10,000	4.6%	10.4%	8.7%
More Than 10,000	8.8%	13.0%	8.9%

SOURCE: Compiled by *ICDC* and *ISCEBS*, October 2005

dents said. The survey results validate the premise that the growth of CDH plans is being led by the jumbo and medium-sized employers, says Leonard Grover, a consultant in the Salt Lake City office of Mercer Human Resources. Large employers (2,501 to 10,000 employees), he explains, tend to have more locations than do smaller employers and often have too small of a human resources (HR) department to communicate change effectively to all locations. "As a result, the head of HR often is overwhelmed at the prospect of effectively communicating the CDH message to all of their employees," Grover says. "Few carriers and consultants have good communication tools that can help HR departments do the heavy lifting of employee communications."

Survey respondents said 13% of their jumbo clients will offer a health reimbursement arrangement (HRA)-based option this fall (up from 8.8% a year ago). Another 10% will offer a health savings account (HSA)-based option (up from 4.6% a year ago). The number of small employers that intend to offer an HSA-based plan for 2006 is nearly double what it was a year ago. During this fall's open-enrollment period, respondents said, 4.9% of their smallest clients will offer an HSA-based plan (up from 2.5% last fall), and another 2.4% will offer an HRA-based plan (up from 1.5%).

Of the employers that will offer an HRA-based plan in 2006, according to the responding consultants, the smallest employers are most likely to offer it as a full replacement. About 44% of those employers will offer only HRA-based health coverage for 2006. By contrast,

Small Employers Are Most Likely to Contribute HSA Dollars

Number of Employees	Offered HSA-Based Plan for 2005	Will Offer HSA-Based Plan for 2006	% of Employers That Will Offer an HSA Contribution in 2006
Fewer than 500	2.5%	4.9%	61.7%
501 to 2,500	3.7%	12.2%	50.0%
2,500 to 10,000	1.8%	6.6%	54.0%
More Than 10,000	4.6%	10.0%	40.6%

SOURCE: Compiled by *ICDC* and *ISCEBS*, October 2005

90% of jumbo employers that will offer an HRA-based plan also will offer more traditional health coverage options. The majority of employers that plan to offer HSA-compatible coverage for 2006 will offer it alongside more traditional coverage choices, according to survey results. About one-third of employers with fewer than 500 employees will offer only HSA-compatible coverage choices, while just 4.3% of jumbo employers will move to such a strategy.

Employers with fewer than 500 employees are more likely to contribute to their employees' HSAs than are larger employers, survey respondents said. Employee benefits consultants said more than 60% of small clients that will offer an HSA-based plan in 2006 will contribute money to the accounts. By contrast, consultants said only 40% of their largest clients (more than 10,000) will make an HSA contribution. Several survey respondents said health insurers often don't offer enough of a premium discount for high-deductible plans. Better discounts, they said, would prompt more employers to share the savings with employees in the form of HSA dollars. The "conservative pricing by insurance carriers on qualified plans is lowering the financial incentive to make the change" to a CDH plan, said one respondent.

Survey respondents said the most common impediment to the adoption of HSA-based plans was related to employee communications. Several respondents said their clients don't think that their employees will understand how the accounts work, or will see an HSA-based plan as a reduction in benefits.

"Most of my clients have a \$250 deductible, and see a \$1,000 [deductible] as too much of a jump," said one

respondent. HR directors "generally don't understand the potential advantages of CDH plans (e.g., lower cost, better quality of care, improved employee satisfaction)," explained another. Brokers, consultants and vendors, this respondent suggested, need to demonstrate proven communication tools and share enrollment success stories with their clients. Several respondents also criticized the Treasury Dept.'s requirement that non-preventive pharmacy benefits be subject to deductibles for HSA-qualified plans beginning Jan. 1, 2006 (*ICDC 8/5/05, p. 1*). "People absolutely hate that," said one respondent.

Survey respondents rated customer service and consumer Web tools as critical elements for their clients. More than 90% of survey respondents ranked customer service as "very important" or "extremely important" when selecting a CDH plan (see table, below). About 80% of respondents said consumer Web tools were very important or extremely important, and 78% said experience was a key consideration.

Only 2% of respondents said experience wasn't an important consideration. Some respondents said their clients also looked for health plans that would help educate employees about the CDH concept prior to open enrollment. The depth of the health plan's provider network was another commonly cited criterion for selecting a CDH plan, and some consultants suggested that HSA administrators should be accountable to the health plan if there are problems with the account's features.

Contact Repko at dave.repko@towersperrin.com or Grover at leonard.grover@mercer.com. For more information about the survey results, contact *ICDC* Editor Steve Davis at sdavis@aispub.com. ✧

Ability to Control Costs Is Most Common Reason Employers Offer CDH					
What Do Employers Most Hope to Achieve Through a CDH Plan?*	Not Important at All	Somewhat Important	Moderately Important	Very Important	Extremely Important
Control Health Coverage Costs	3%	2%	6%	31%	58%
Improve Employee Satisfaction	11%	15%	38%	28%	8%
Address Quality of Care Concerns	18%	26%	37%	18%	0%
Reduce Administrative Burdens	40%	40%	15%	3%	2%

*Respondents were asked to rate the importance of each item on a scale of 1 to 5.
SOURCE: Compiled by *ICDC* and *ISCEBS*, October 2005

Customer Service, Web Tools, Experience Are Most Important to Employers					
Criteria Considered by Employers When Selecting a Health Plan/Carrier for CDH*	Not Important at All	Somewhat Important	Moderately Important	Very Important	Extremely Important
Customer Service	2%	2%	3%	48%	45%
Consumer Web Tools	3%	0%	17%	30%	50%
Experience	2%	6%	14%	45%	33%
Account Service	2%	5%	25%	44%	25%
Health-Coaching Program	6%	8%	22%	45%	19%
Disease-Management Program	5%	6%	25%	36%	28%
Administrative Fees (self-insured employers)	11%	13%	34%	30%	14%

*Respondents were asked to rate the importance of each item on a scale of 1 to 5.
SOURCE: Compiled by *ICDC* and *ISCEBS*, October 2005

INDUSTRY NEWS

◆ **Blue Cross Blue Shield of Michigan says its new HSA-based product, Flexible Blue, will be launched on Jan. 1.** The Blues plan also says it has partnered with Wells Fargo & Co. to administer HSAs for its members and to serve as the trustee. The Michigan Blues plan said about 7,000 lives were enrolled in an HSA-compatible plan as of July. Previously, those enrollees had to make their own arrangements with an HSA custodian to open an account. For members who are enrolled in a health reimbursement arrangement (HRA)-based plan, the insurer says it will provide daily updates to Wells Fargo on member claims liability. As a result, members will no longer need to submit paper receipts for reimbursement from the account, the Blues plan says. Visit www.bcbsm.com.

◆ **Care Choices introduced 12 high-deductible HMOs that are compatible with HSAs.** The Farmington Hills, Mich.-based health plan says the benefit designs include 100% coverage for preventive care services such as annual checkups, well-child exams and immunizations. Care Choices partnered with Mellon Financial Corp. and Affiliated Computer Services, Inc. to provide account administration services. The Farmington Hills-based company is a division of Trinity Health. Call Care Choices spokesperson Karen Wood at (248) 489-6431.

◆ **Sovereign Bank says it will offer HSAs to employers and their employees, insurance companies and third-party administrators.** Members will be able to make contributions to their accounts through employers' automatic payroll deduction plans or by regular mail, the company says. Other benefits include an HSA debit card and checks to pay for qualified medical expenses. The HSAs will be available to consumers in 2006, Sovereign says. Visit www.sovereignbank.com.

◆ **HealthCare Direct, LLC, (HCD) a Wisconsin-based PPO, says it has a product with fixed rates for 26 common inpatient hospital stays.** Two Milwaukee-area health systems, ProHealth and Columbia St. Mary's, have agreed to accept the rates as payment in full for bills for any of the indicated hospitalizations. The 26 types of stays represent about 50% of hospital claims cost for an average employer group. Estimated savings of 10% to 20% on annual claims costs are possible when

compared to standard PPO discounts, HCD says. The covered maximum allowable hospital benefit for each of the 26 stays is pre-negotiated, and communicated to individuals covered under the plan. Visit www.hcdnetwork.com.

◆ **HSA Trustee Services has added MyMedLab to its list of free services for consumers,** says MyMedLab. The addition brings comprehensive lab testing, once available only to doctors, to the public at a cost that is up to 80% less expensive than is traditional clinic or hospital testing, the company says. Routine testing for conditions such as diabetes and heart disease can cost hundreds of dollars in lab fees from local hospital labs, according to MyMedLab. The company says it allows consumers nationwide to order and purchase their testing online as part of a group instead of as a party of one. "This negotiated group rate means the exact same tests [cost] 50% to 80% less at our 1,200 collections sites nationwide," says David Clymer, president and CEO of MyMedLab. Visit mymedlab.com.

◆ **ikaSystems, a provider of Web-based software for the managed care industry, has launched a technology platform that lets health plans sell, enroll and support high-deductible health plans (HDHPs), HSAs, HRAs and flexible spending accounts.** The program, ikaCDH, can be used as a stand-alone product or be fully integrated with the ikaEnterprise System, the firm says. ikaCDH allows a carrier's sales channels to present flexible benefits-enabled products to clients online. If an employer chooses to offer an HDHP, for example, the system automatically triggers available options in a grid to enable instant product comparisons, the company says. Visit www.ikasystems.com.

◆ **HSA Bank says it has formed a relationship with CareGain to offer a turnkey platform that provides a fully integrated management system for HRA- and HSA-based plans** with existing claims-processing and payment systems. HSA Bank, a division of Webster Financial Corp.'s Webster Bank subsidiary, says the relationship will provide health plans with a streamlined implementation process, which reduces implementation costs as well as time to market. Visit CareGain at www.caregain.com or HSA Bank at www.hsabank.com.

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