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# INSIDE CONSUMER-DIRECTED CARE

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## Offering CDH Plans Alone Won't Produce Employer Cost Savings

A stand-alone CDH plan with either an HSA or HRA will fare no better savings wise than a traditional health plan, according to the 2007 SHPS Health Practices Study, released Oct. 22. SHPS is a Kentucky-based firm that provides health management tools to health plans and employers.

Chris Ryan, SHPS chief strategy officer, tells *ICDC* that the study of 115 large employers with at least 1,000 benefits-eligible employees found no meaningful correlation between a CDH plan and overall health care costs. In fact, Ryan says, the study shows that adoption of a CDH plan as a stand-alone product will not result in long-term cost savings. "There may be a one-year increase or decrease in costs, but this will not be a reliable indication of long-term impact. In fact, the plan will follow the same bell-shaped curve that other traditional health plans follow."

Examples of CDH plans that have produced cost savings did emerge from the data, Ryan says. But these were offered by employers who viewed them as just one part of a larger and decidedly long-term strategy that addressed health costs occurring both below and above the deductible.

### Address Above-the-Deductible Expenses

"Any employer can reduce short-term health care costs with a stand-alone CDH plan," Ryan says. "In fact, a CDH plan is effective at encouraging certain types of purchasing behavior, especially the more prudent use of primary care services and the use of generic rather than brand-name medications." But Ryan says this will change only an employee's discretionary behavior, behavior that has an impact primarily on costs occurring below the deductible. "The [CDH] plan alone does not target any of the expenses that occur above the deductible, and that's where the major cost drivers really are." So the CDH plan must be thought of as only one part of the cost-management equation, he says.

The study found that best-performing employers, or those who were consistently successful at reducing their overall health costs, used four other strategies in addition to a CDH plan:

1. *A patient-centric care management program to ensure evidence-based treatment* and achieve optimal clinical outcomes for employees with high-cost conditions;
2. *Metabolic screenings to provide direct measures of employee health status;*
3. *Highly individualized health and wellness programs* for healthy and at-risk employees; and
4. *Incentives to engage employees in wellness* behavior change.

Ryan says that while important, case management, including medical management for chronic conditions, is really the "blocking and tackling" part of the strategy for managing costs associated with chronic and catastrophic conditions. The scoring drive is a health and wellness program that targets those who are healthy as well as those who are at risk.

### Use Highly Tailored Wellness Programs

And not just any health and wellness program will do. "There's a lot of 'bloat-ware' out there," Ryan says, referring to the large number of generic one-size-fits-all programs available to employers. "There's also a ton of health information available on the Web and in health communications materials being used in the workplace." The result, he says, is competing information that confuses rather than raises awareness. "Employers doing the best job with their health and wellness programs were using metabolic screenings to determine the health metrics of their employees and then creating a tailored health and wellness program that delivered a consistent employee experience with a simple message."

Ryan cautions that the best-performing employers had been addressing these factors over a long period of time. "This is not a quick fix. These employers have well-thought-out long-term strategies that focus on improving the health of their employees and not on annual vendor prices or discounts. And CDH plan options are always an integrated part of this strategy, never a stand-alone product."

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