From Managing Benefits to Managing Health

ASSESS | ACT | ADAPT | ENGAGE | IMPROVE

UnitedHealthcare®
It’s a logic that applies across the board – as an employer you want to know the person or company you’re doing business with believes in their product or service enough to invest in it themselves. UnitedHealth Group is no exception.
UnitedHealthcare believes in helping people lead healthier lives. This responsibility extends to our clients, but it also is true close to home— for our own parent organization, UnitedHealth Group and its over 75,000 employees.

This story is about UnitedHealth Group’s journey from managing health benefits to helping employees use those benefits to live healthier lives.

This is the story of UnitedHealth Group’s experience as an employer and UnitedHealthcare’s experience as its health plan in implementing consumer-driven health plans. It’s also the story of a transformation from a culture that focused on making sure employees understood and managed their health benefits to a culture that encourages employees to maintain better health. The story is divided into five key milestones—assess, act, adapt, engage and improve—that demonstrate the learning and adaptation curve associated with change.

**ASSESS**
Recognizing the need for change and answering with a clear plan.

**ACT**
Embracing the ‘consumerism movement’ with full Consumer-Driven Health (CDH) replacement.

**ADAPT**
Evaluating the results and responding to make a greater, positive impact.

**ENGAGE**
Measuring engagement and rewarding informed health decisions.

**IMPROVE**
Aligning meaningful incentives with health goals.
Contrary to what most may expect from a health benefits organization, the UnitedHealth Group employee population is just like most. Our population consists of employees and their spouses who are struggling with their weight, trying to quit smoking and individuals living with chronic diseases, who have the additional challenge of working and living with an illness. UnitedHealth Group faces the same challenges as our clients: controlling health care costs, guiding informed employee health decisions and gauging the organization’s ability to absorb change. It’s these challenges that led UnitedHealth Group to face its responsibilities, to employees and clients, head on by embracing consumer-driven health (CDH).

In the early 2000s, industry health care costs were on an unsustainable trajectory and our employees were still clinging to the richest, most traditional plan choices. Despite solid efforts to negotiate physician and hospital discounts and even plan changes that involved some cost increases to employees, UnitedHealth Group recognized that greater change was needed. And so, in early 2001, even before CDH models were legislated, UnitedHealth Group, as a health care company and as an employer, began examining the consumer-driven concept and evaluating its feasibility.

The spike in industry medical costs in 2003 catapulted this interest into an action plan, and in January 2003 UnitedHealth Group offered employees their first CDH option. The shift we were working toward was not a focus only on stemming costs; rather it was a focus on changing employees’ accountability and involvement in their health care decisions. Initial efforts involved choices (such as staying in network and using generic drugs) that emphasized employee savings.
When UnitedHealth Group introduced its first CDH plan option in 2003, employees’ willingness to change was an unknown. The majority of UnitedHealth Group employees were enrolled in standard co-pay plan designs. With the goal of helping our employees make better health decisions, and after witnessing low initial adoption, we decided to be more assertive in CDH implementation.

So, in 2005, UnitedHealth Group went from having one CDH option to offering CDH plans exclusively to its employees: two Health Reimbursement Account choices and one Health Savings Account choice. Adequacy or the richness of benefits was designed to be neutral for employees moving into the CDH plan options.

The addition of deductibles and individual “accounts” with roll-forward balances gave employees new awareness of cost and interest in making choices that could and would save them money. Drug co-pays were increased; however, a three-tier co-pay structure encouraged generic or formulary use and a mail order pharmacy benefit was offered. Network preventive care was covered at 100 percent.

UnitedHealth Group’s focus was to educate employees and spouses about their benefits and how to use them wisely; and to reduce trend by lowering the costs of what was being provided, i.e. demonstrating the benefits of using network doctors, hospitals and providers where UnitedHealth Group negotiated discounts.

“Going to full CDH replacement forced employees to become better health care consumers. At that point, the market view was ‘People will act more responsibly if it is their own money.’”

– Jean Francois Beaule, Vice President, Chief Actuary, UnitedHealthcare National Accounts
The CDH plan options gave us a solid foundation to build upon. By evaluating our medical costs and the factors driving those costs, we knew we needed to do more in the area of health and lifestyle. That consideration was solidified after the Centers for Disease Control published a statistic that stated half an individual’s health was based on behavior, not genetics or environment.

UnitedHealth Group’s focus was now to provide the necessary tools, resources and support to help employees spend their money wisely and make good health decisions. Online access to claims data and account balances enabled employees to become more engaged in monitoring their health care costs and payments. In addition, UnitedHealth Group began providing new online health education resources, which gave employees information about their health status and explanations of their treatment options. Through NurseLine\textsuperscript{SM}, employees had 24/7 access to a nurse, either online or via phone, to answer questions and often prevent unnecessary emergency room visits.*
To be able to encourage employees to make good health choices UnitedHealth Group first had to define what made a health choice “good.” This included identifying health risks “upstream” for individuals so they could hopefully prevent complications in the future.

A key component of a “good” health decision also included where care was delivered. UnitedHealthcare claims analysis identified approximately 21 specialties that represented more than half of UnitedHealth Group treatment costs—where there were significant differences in cost and outcomes. The difference seemed to be adherence to evidence-based medicine. In 2005, we began a provider transparency program that, today, is a complete quality-first designation rooted in evidence-based medicine. It includes nearly 120,000 specialists, with a separate designation for hospitals. The UnitedHealth Premium designation program has been expanded and now includes primary care physicians. Employees in 145 markets, across 41 states, can search the network and find a two-star UnitedHealth Premium® designated provider in our directories. Two stars indicates that the primary care physician or specialist has met national industry guidelines for quality and local market benchmarks for cost efficiency.

During this time, it also became clear that CDH was a different level of change for employees than simply increasing a co-pay or plan design alteration. Employees needed different resources to make more informed decisions. To provide that level of support, additional employee resources were implemented from 2006 to 2009, including:

- Disease Management and Treatment Decision Support
- Cancer Resource Services
- Wellness Coaching
- Nutritional Counseling Benefits
- Rewards for Action Employee Health Incentives
- Healthy Back
- QuitPower® Smoking Cessation
- Weight Watchers® Pilot
UnitedHealth Group continued to see results: trend improved and preventive care increased. To determine what was working and to determine whether it would continue to work, an objective way to measure results was needed. This was accomplished in 2006 by reexamining the question of “what defines a good health decision?” A new, decision-based analytical tool that measured actual employee health decisions during a 24-month period was created. The Consumer Activation Index (CAI) focused on behavior choices against a metric of 55 decisions that included health, financial and benefit choices. The CAI concluded that employees were making “sub-optimal” decisions 42 percent of the time.

In addition to identifying which programs employees were and were not using, the CAI also provided UnitedHealth Group with insight on which groups were and were not participating. Of concern was that, in a total replacement model, if deductibles and co-pays kept increasing, employees with salaries under $50,000 a year and those in good health would opt out of coverage. In response, UnitedHealthcare introduced “Catalyst” plan designs which provide choices for non-exempt employees that steer them away from deductible choices to fixed dollar amount options and more first dollar coverage.

During this time, it became apparent that UnitedHealth Group was no longer asking employees only to make wise benefits choices. Employees’ willingness and interest in managing their health – as opposed to managing their benefits – was the determining factor for improved results and lasting change. Instead of simply pushing information out to educate and create awareness, a plan needed to be in place to motivate and engage employees.

“In retrospect, engagement wasn't where we really wanted it to be. Programs such as nurse coaches reaching out to help employees manage a chronic condition or recover at home from hospitalization just didn't get the participation that we wanted... employees didn’t call back. Now, in many cases, members and their spouses are pro-actively calling in to take advantage of those same programs.”

– Bobbie Lauer, Vice President, Total Rewards, UnitedHealth Group

---

1 A sub-optimal health care decision is defined as one in which, for the member, there was at least one alternative decision that could have resulted in improved cost savings and/or health outcomes over time.
IMPROVE
Aligning meaningful incentives with health goals.

By 2008, all the pieces had fallen into place, but there was a strong desire to significantly increase participation levels. Before making any additional changes, UnitedHealth Group focused on learning and fine-tuning its investments. Research identified higher engagement when data was personalized to an individual’s health status. We recognized that health decisions are “personal” and, as such, the data, resources and support are more compelling when they are individually relevant. To encourage employees more to make healthier decisions and change behavior, incentives and rewards need to be compelling. Plan design, resources and incentives should be integrated and seamless. Tools, resources and coaching need to be easy to access and easy to use.

As a result, in 2009, UnitedHealth Group became a smoke-free workplace and support for people who wanted to quit was increased. Health coaching, onsite Weight Watchers meetings and gym discounts were just some of the resources employees now had at their disposal. Additionally, UnitedHealth Group was a pilot client for a new level of customer service called Health Advisors who help individuals maximize their benefits through education and support.

The boldest move came in January 2010 when we focused on ramping up employees’ involvement in managing their own health. Each employee and spouse received a personalized communication with a personal health scorecard. The cards contained a health action plan individualized for each employee based on their actual recent health behaviors and decisions and their health status. By taking actions designed to improve their health and hopefully reduce costs in the future, employees can earn up to a $450 individual or $900 household credit, no matter their salary or position.

The response was astounding:
In the first two days, there were 130,000 visits to the program website. To date, 51% of UnitedHealth Group employees have completed onsite biometric screenings.

“Of course, our job is far from over. As with any new offering, the newness will eventually wear off and we’ll need to continue to find new ways to maintain participation and good health decisions.”

– Craig Mitchell, Vice President, Total Rewards, UnitedHealth Group
From 2001 to 2009, UnitedHealth Group experienced first-hand the growth and learning process involved with introducing consumer-driven health plans to employees. Perhaps the most valuable piece of insight was this: as employers, it is key to understand your organization’s ability to absorb change and adapt to the pace accordingly. Chances are, had UnitedHealth Group attempted to implement current incentives as little as three or four years ago, employees might not have been ready. The current health reform discussion has aided the transition because it has raised awareness—people now understand the connection between their health and their health care costs and they’re looking for ways to gain control over both. Still, a transition period is inevitable and, as UnitedHealth Group learned, even beneficial for all parties to evolve as needed. While each organization’s experience may be different in implementing CDH plans and finding the programs that make the most sense for their employee base, below are some key considerations based on UnitedHealth Group’s own experience.

<table>
<thead>
<tr>
<th>Information</th>
<th>Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assess</strong></td>
<td>• UnitedHealthcare can provide peer industry benchmarks to guide your decisions about considered changes</td>
</tr>
<tr>
<td>• Evaluate your populations’ incidence of disease and other health risk facts</td>
<td></td>
</tr>
<tr>
<td>• Identify where sub-optimal decisions are most significant and costly</td>
<td></td>
</tr>
<tr>
<td><strong>Act</strong></td>
<td>• Leverage and launch multiple data sources (portals, communications, online assessment and education tools) to maximize outreach</td>
</tr>
<tr>
<td>• Build a program and strategic plan that spans the health care continuum and focuses on behavior change</td>
<td></td>
</tr>
<tr>
<td>• Survey consumer communication preferences</td>
<td></td>
</tr>
<tr>
<td><strong>Adapt</strong></td>
<td>• Senior management visibility as program champions sets the tone for the importance of this change</td>
</tr>
<tr>
<td>• A change of this scope requires greater individual accountability. Be prepared to monitor decisions and activities and evaluate at major milestones</td>
<td></td>
</tr>
<tr>
<td><strong>Engage</strong></td>
<td>• Make it easy for employees to obtain the data needed to change their behavior</td>
</tr>
<tr>
<td>• Communicate! Understand the components and needs for personalized programs and custom communications</td>
<td></td>
</tr>
<tr>
<td>• Simple and easy-to-understand forms and clear expectations of desired behavior</td>
<td></td>
</tr>
<tr>
<td><strong>Improve</strong></td>
<td>• Track and evaluate results to optimize program impact and to create a wellness culture</td>
</tr>
<tr>
<td>• Calibrate incentives to optimize behavior change</td>
<td></td>
</tr>
</tbody>
</table>

81
“The dialogue today between employers and their employees is completely different from what it was just a few years ago. We went from educating members to use their benefits wisely to developing ways to engage members in their health.”

– James Coppens, Senior Vice President, Total Rewards, UnitedHealth Group
UnitedHealthcare data shows that calls to Nurseline reduces ER visits by 70%.

NurseLine nurses cannot diagnose problems or recommend specific treatment and are not a substitute for your doctor’s care. NurseLine services are not an insurance program and may be discontinued at any time.

The UnitedHealth Premium designation program is an information resource to help our members choose a physician. It may be used as one of many factors members consider when choosing the physicians from whom they receive care. As with any performance assessment program, physician evaluations have a risk of error. Please see myuhc.com for detailed program information and methodologies.

Insurance coverage provided by or through UnitedHealthcare Insurance Company or its affiliates. Administrative services provided by UnitedHealthcare Insurance Company, United HealthCare Services, Inc. or their affiliates. Health Plan coverage provided by or through a UnitedHealthcare company.