

# “Making Healthcare Work” Consumer Directed Healthcare

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Horizon Blue Cross Blue Shield of New Jersey

*Making Healthcare Work*

Don: Hello, and welcome to “Making Healthcare Work,” a production of Horizon Blue Cross Blue Shield of New Jersey. My name is Don McGee, and I’m glad to be your host. Since this is our inaugural program, we thought we’d explain several things right at the start: Why we decided to produce this series; why we call it “Making Healthcare Work” and, why we chose the new medium of podcasting as a method of distribution.

Horizon Blue Cross Blue Shield of New Jersey is producing “Making Healthcare Work” because there’s a *need* for this series. And, as New Jersey’s largest health insurer, we feel it’s our obligation to fill that need. It’s a simple need, but an important one. All of us – individuals, employers, and healthcare consumers - have to become better informed and make wiser decisions about healthcare services and how we use them. We believe this series is just one way we can help make that happen.

We call the series “Making Healthcare Work,” not simply because it’s our company tag line, but because it’s our mission. We want the program to be broad in scope and paint as comprehensive a picture of your healthcare options as possible. After all, we’re making healthcare work....for you.



Finally, we're delivering the program as a podcast, because it's a simple and extremely convenient way for you to hear it. Of course, since you're listening to this first edition, you know that already. And, you're just the type of person we want to reach – someone who knows how to take advantage of today's technology to make your life easier. So, thanks for joining us. We hope you'll enjoy this first show; we believe you'll find it stimulating and informative. So, let's get started. Today's topic: Consumer Directed Healthcare.

Don: Rising healthcare costs in the U-S continue to be a major concern to business, government and all citizens. And, many New Jersey employers are considering a Consumer Directed Healthcare, or CDH, product as one way to contain rising costs.

Here to discuss CDH is Horizon Blue Cross Blue Shield of New Jersey's Vice President, Corporate Marketing and Communications Larry Altman. Welcome to the program, Larry.

Larry: Thanks, Don. Glad to be here.

Don: Also with me today is a Senior Executive at Accenture, Loren McCaghy. Welcome, Loren.



Loren: Thanks for having me, Don.

Don: Accenture is a global management consulting, technology services and outsourcing company. And, one of Horizon Blue Cross Blue Shield of New Jersey's partners in developing their Consumer Directed Healthcare plans.

Don: Let's get right to it, gentlemen: Larry, what is Consumer Directed Healthcare?

Larry: Well Don, let me start by defining what it's not. Consumer Directed Healthcare is *not* a single product. It's really an approach to healthcare. And, the concept behind this approach is that consumers need to become more informed, better-educated healthcare consumers. While all of us, as consumers, recognize that we're paying more for our healthcare, at the same time, the data actually show that it's our employers that are actually providing most of our healthcare coverage and bearing the majority of healthcare costs. So the concept, that each of us, as individuals, needs to become a more involved, educated healthcare consumer, is really a big change.

Don: I see..



Larry: And, CDH includes a broad range of products, but they all have three elements in common: First is a High-Deductible Health Plan. Second is a spending, or savings account – which allows consumers to accumulate money to pay for out-of-pocket healthcare expenses. (And, by the way, this account offers some income tax advantages, as well.) And, the third element is decision-support tools – they may be online, they may be over the phone – but all designed to help provide information and support for consumers to make informed healthcare choices.

Don: So, why is CDH getting so much attention now?

Larry: CDH is getting attention now for several reasons. First and foremost, is that healthcare costs are continuing to rise at double-digit rates. Companies are feeling that. Individuals are feeling that. And both individuals, and their employers, are looking for ways to combat rising costs. Second, when it comes to healthcare, we know that consumers are doing a lot more of their own research, mostly online. Helping to educate consumers about healthcare choices and taking advantage of the interest that people are showing in their health is a way of making them more responsible for healthcare choices. So, you can see, both employers and their employees are driving the interest in Consumer Directed Healthcare.



Don: Okay, a skeptic might say, Larry, that this sounds to good to be true. Perhaps some of our listeners might be thinking – you know, the age-old question: “What’s in it for me?” What does CDH offer consumers that other plans don’t?

Larry: That’s a fair question. And, one I ask myself. After all, I’m a healthcare consumer just like you. There are several distinct advantages that a Consumer Directed Healthcare product offers. First, the product is less expensive than more traditional health plans, and this is primarily because it has a high deductible. The second is choice. CDH empowers employees to make healthcare choices and to really feel like they’re using their own money - the money that’s in the savings or spending account – the way they wish. The way they see best fit for their own healthcare needs. And, the third is flexibility. CDH is not only a way to pay for current healthcare needs, but if an employee is able to save funds, they can actually accumulate it for future needs, for example, orthodontia for their children.

Don: Okay. Savings. Choice. Flexibility. Those are things employers and employees both like. Before we continue, how can listeners learn more, Larry? We’re going to cover a lot today, we’ve covered a lot today already, but how could people learn more?



Larry: Sure. Well to learn more, I encourage people to check out our website. Everything you need to know about CDH accounts, about how the products work is right there. Just go to [www.horizonmyway.com](http://www.horizonmyway.com)

Don: Great. That's [www.horizonmyway.com](http://www.horizonmyway.com). And we'll be sure to repeat that address again later. But, right now, I'd like to bring in Loren McCaghy, a Senior Executive with Accenture consulting. Loren, from your perspective, what are the advantages of CDH?

Loren: In a nutshell, I think CDH is going to allow a lot more companies to offer healthcare benefits to their employees, especially small and medium-sized companies. And, that's good for everyone. Right now in New Jersey about one-point-two million persons are uninsured. And I'm not talking about the unemployed; I'm talking about people who have jobs. Many of them work for small businesses that have been forced to drop healthcare benefits over the last 4 to 5 years because of rising premiums. CDH should allow a good number of those companies to offer healthcare coverage again.

Don: That sounds great. But, Larry, you mentioned that a High Deductible Health Plan is a key component of CDH. What kind of deductibles are we talking about?



Larry: Don, we're talking about deductibles that are typically one thousand dollars or more for an individual, and two thousand dollars or more for a family.

Don: Couldn't this prohibit small businesses, say, from considering CDH?

Loren: We don't see that happening. In fact, about one third of all new CDH sales at Horizon come from small businesses that couldn't afford to offer health insurance up to now. While the deductible is higher, the monthly premium is lower, so overall, CDH products are more affordable. And, with CDH products, preventive care is covered at 100 percent of cost. This includes things like annual physical exams and mammograms.

Don: So, with CDH, preventive care is fully covered. I see. I see. Now tell me, why are employers attracted to Consumer Directed Healthcare?

Loren: Employers like the idea of being able to offer health insurance as a benefit, because it helps attract and keep the best employees. Employers like CDH because of the lower premiums. It's not unusual to see some premiums that are between 20 and 30 percent lower than more traditional health plans.

Don: Larry, you know Horizon Blue Cross Blue Shield of New Jersey and some other companies have been marketing CDH for some time. Why does Horizon feel as though the time is right to aggressively promote CDH now?

Larry: Well, Don, you're right. Horizon has spent a lot of time and energy in getting CDH right. We think that now is the time because with employers so concerned about rising healthcare costs and looking for solutions, and employees, or consumers, really tapping into online resources we think that the time is now for this product concept to really catch on. As a result, we've put a lot of time into developing a product that's really gonna be great for our clients across the state. After all, Horizon Blue Cross Blue Shield of New Jersey is not only the largest health plan in the state, we have the largest hospital and physician network, we have top-rated customer service, and a brand name people trust. And we know that when companies are considering changing their benefits, that trust factor is really important. Add to that our competitive pricing, and we believe that employers across the state will find Horizon's CDH products to be a very attractive option.

Don: Got it. Now, in the brief time we have left, Larry, you mentioned up-to-date information as being a key component of CDH. Who's providing this information? And how would listeners learn more?



Larry: Sure, you're right. Consumers are extremely interested in accessing information online. At the same time, they tend to be skeptical. They want to know, "where is this information coming from? Is it a credible, objective source?" And that's why Horizon Blue Cross Blue Shield of New Jersey has teamed up with some of the best-known sources out there. As one example, we've partnered with WebMD to provide their health information and content for our members. WebMD is the leading source of objective health care information online. We've also partnered with other companies like Mellon Bank and MyHealth Bank who are leaders in the field. On top of that, if people are looking for more information about CDH, I encourage them to check our website.

[www.horizonmyway.com](http://www.horizonmyway.com)

Don: Terrific. Great. Thank you, Larry. Thank you, and thanks, too, to Loren McCaghy of Accenture for joining me today. I appreciate your time.

Larry: You're welcome, Don.

Loren: Thanks for having me.

Don: To learn more about Consumer Directed Healthcare, contact your broker, or visit [www.horizonmyway.com](http://www.horizonmyway.com).

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