



Medtronic Inc. Consumer Driven Health Care

Consumer Driven Health Care
Evidence From The Field

September 15, 2003

Who We Are

- Medtronic is the world's leading medical technology company, providing life-long solutions for people with chronic disease
 - Over \$7 billion in annual sales
 - 30,000 employees world-wide
 - Established in 1949 by Earl Bakken, inventor of first external pacemaker
 - Driven by the Mission
-

Why Consumer Driven Health Care?

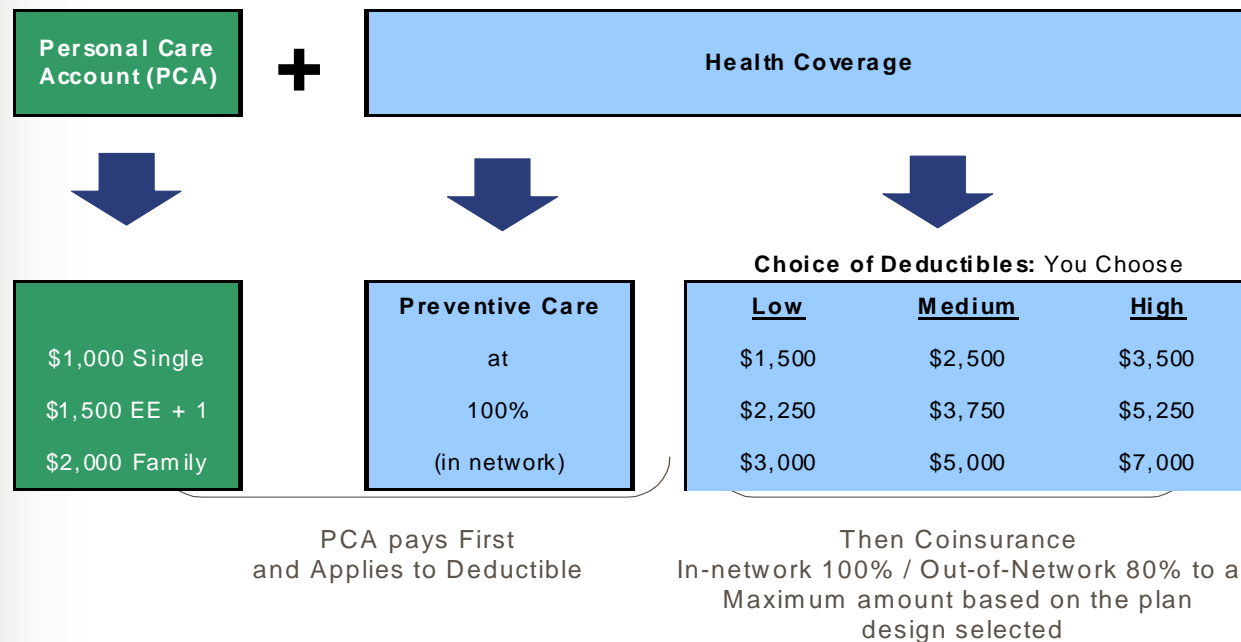
- Desire to deliver health care to employee group through an alternative delivery system that:
 - Changes employee behavior from receivers of health care to informed consumers of health care
 - Eliminate role of plan as gate keeper
 - Enable/educate employees in their role of managing their own health
 - Strengthen relationship between patient and physician
 - Provides greater access to the right kind of information
 - Internet based data base
 - Nurse and pharmacy hotlines
 - Outcome and quality information
 - Access to procedure and prescription price information
-

Why Consumer Driven Health Care?

- Appropriately aligns the financial elements of health care
 - Investment in health, rather than cost of treatment
 - Provides choice of various levels of employee deductibles
 - Provides control over personal care account
 - Price information on medical services and prescription drugs
 - Personalized on-line statements that show total cost of health care of employee and dependents
- Includes broad range of tools/services such as:
 - Access to over 60 centers of excellence
 - Nurse Line
 - Health Coach
 - Subimo
 - Compare Your Care
 - "Ask a Doc"
- Is an integral part of the Company's "Total Well-Being" initiatives

Plan Summary

Medtronic Consumer-Driven Health Plan



Demographics and Enrollment

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Participation	1,300	2,400	3,500
<i>Percent Change</i>		+84%	+47%
Participation As % of Eligible	13%	13%	19%
Average Age	41	41	41
Male	50%	60%	60%
Female	50%	40%	40%
Average Members	2.60	2.75	2.75

Claims Analysis

- Plan participants have illness burden higher than traditional plans
 - Organ transplants
 - Cancer
 - Pre-mature births
 - Others
 - Significantly higher utilization of nurse line resulting in fewer office calls
 - Higher utilization of generic prescriptions
-

Conclusions

- Emphasize consumer driven health care as one of the key components of health & wellness resources
 - Provide various methods of communications to employees about their health plan options and the mechanics of the consumer driven plan
 - Personal financial responsibility will increase awareness of actual costs of services
 - Awareness can and will change behavior over time
 - Employees are willing to try alternatives for health care delivery
 - No magic bullet – this is one of many solutions
 - Do it for the right reasons!!
-