## **RISK SELECTION**

Who Chooses CDP's ?

Terry Jayne Group Health Cooperative

# Consumer Plan Selection and Risk

#### Value equation price/benefit

- Provider panel
- Access to facilities
- Benefit structure
- Cost sharing mechanisms
- Image/perception

# University of Minnesota Experience

#### Observations and Assumptions

55% have HMO coverage

- Lowest employee contribution
- Not as popular with families relative to singles

## Assumptions:

#### Price the driver in selecting HMO

- Was a simple transfer of enrollment from State offering
- To familiar product, benefits and funding
- CDP did not equate to equal or greater value. Were differences hard to equate?

### **Risk Selection**

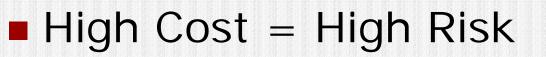
#### HMO low cost = better risk selection

- Attracts price shoppers
- May discourage consumers with medical needs not met as well in a defined network
- May deter families where one or more members need/want something more?

## Patient Choice Cost Groups

- Next highest participation level
  - Lower cost than PPO and CDP
  - Appealed to families relative to the HMO
  - Consumer driven in it's network panel pricing feature

## Preferred One PPO



Price may move lowest risk enrollment to Patient Choice or Health Partners

While High cost enrollees may move to Definity

## Definity CDP

- National Provider Panel
- No Referral Authorization
- PCA's

Considerable Cost Shares through Deductibles and Co-Insurance

## Who Did the CDP Attract?

#### Healthy/Wealthy

- Valued national provider panel
- Who were willing to "put some skin in the game" (PCA/Cost Share Trade-off)
- And could handle the potential out of pocket costs
- But are healthier than their PPO counterparts

## Over time

- If PPO Death Spirals CDP may attract the higher risk participants
  Who will pay for more control over
  - chronic illness

## Reaction

CDP addressed issues of a minority of employees who could or would:

- Buy-up to obtain Nat'l network
- Some (limited) control of healthcare expense
- Segregated population based on health/wealth/education
- With limited interest in web-based tools