

CASE STUDY

*High Deductible Health Plans
and Traditional PPOs:
a comparative case study*

The Study

In 2009, BlueCross reached the 100,000 member mark for HDHPs, providing an adequate number for an appropriate baseline comparison. Here are the details of the study:

- *Timeframe for the study: 2005 through 2009.*
- *The study tracked numbers throughout the timeframe for the same members and compared members who switched to an HDHP to members who remained in a PPO.*
- *Categories analyzed: practitioner visits, outpatient visits, inpatient admissions, length of inpatient stay, prescription drug use, use of preventive services and chronic disease compliance.*
- *The group that stayed in the PPO had 725,804 members with an average age of 34.6 in year one and 35.6 in year two.*
- *The group that went from PPO to HDHP had 14,627 members with an average age of 33.6 in year one and 34.6 in year two.*
- *All members included in the study were enrolled for 24 consecutive months.*

How Consumers Are Using Health Care Services

HSA-qualified High Deductible Health Plans (HDHPs) were first introduced in 2004 as part of the Medicare Modernization Act. They were created with the goal of helping members to be more informed health care consumers and leading them to more effective use of services - resulting in savings for the group. BlueCross BlueShield of Tennessee examined health care service utilization of members who moved from a traditional PPO to an HDHP and compared their experience with a similar group of members who kept their PPO coverage.



Our goal for this study was to determine if members in the HDHP showed the expected:

- Higher use of preventive health care
- Higher use of generic drugs
- Higher compliance with chronic disease management
- Fewer emergency room visits
- No increase in outpatient services
- Lower inpatient utilization

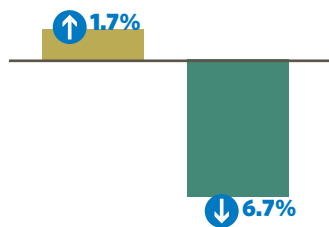
The Key Findings

The number of provider visits, the use of preventive services and other indicators were measured and some important differences were revealed, including:

- The HDHP group showed a significant reduction in the number of emergency room and outpatient visits as well as inpatient utilization.
- While both groups increased use of preventive services and generic drugs, the HDHP group had a slightly greater increase.

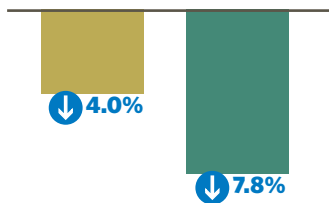
A Look at the Results

PRACTITIONER VISITS



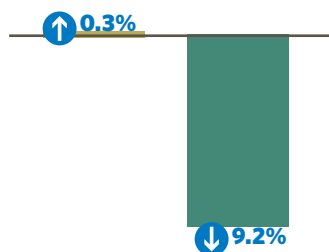
Overall, practitioner visits were lower with the HDHP Group. Significant changes were seen with use of allergy medicine, consults, medical visits, physical therapy, office and outpatient surgery.

EMERGENCY ROOM VISITS



Both groups saw a decrease, but the HDHP Group performed slightly better.

OUTPATIENT VISITS

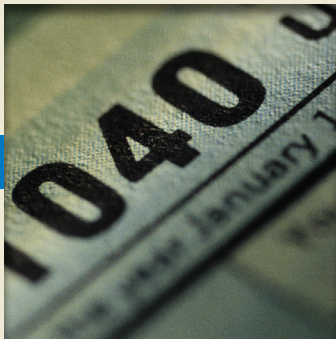


Services that showed the most substantial decrease for the HDHP group were outpatient therapy, rehabilitation, pathology/lab and outpatient hospital.

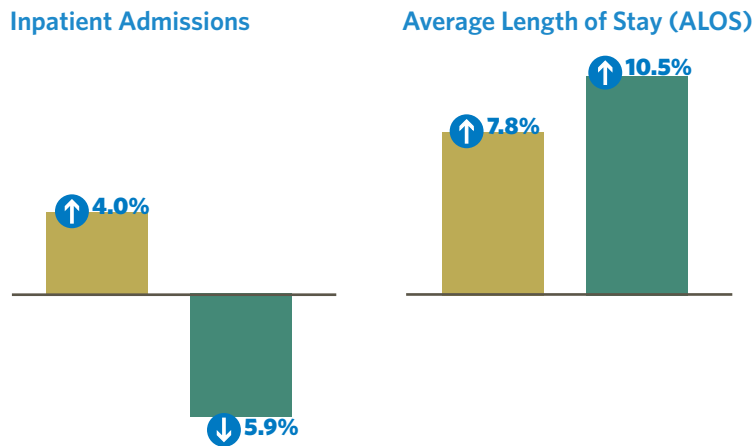
KEY

PPO

HDHP

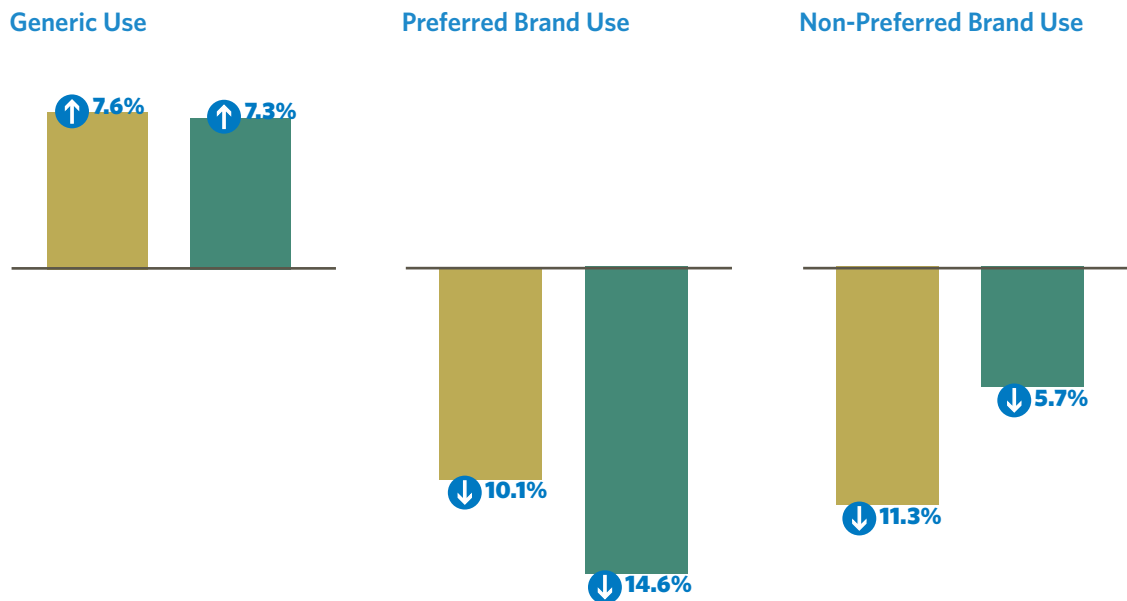


HOSPITAL UTILIZATION



The HDHP Group performed much better with respect to admissions. The ALOS was slightly higher, but was skewed by the use of a few services including mental health and substance abuse.

PRESCRIPTION DRUG USE



Both groups saw similar results in prescription drug utilization.

Some Unexpected Results

While most of our expectations for results were met, there were a few results that were unexpected. Our population size of 100,000 members is adequate for a basic study, but with this fairly small sample size, we cannot explain some results with absolute certainty.

The increase in mental health and substance abuse treatment may be tied to the increase in use of preventive services - which can lead to referrals for these issues. And the increase in mental health and substance abuse services may have also played a part in the increased length of stay numbers for inpatient services.



HDHPs Offer Advantages for Groups

The results of this case study do confirm that moving from a traditional PPO to an HDHP plan can prompt a change in consumer behavior. Members seem to respond with more thoughtful use of health care services - taking advantage of preventive services, using emergency and outpatient services only when necessary and benefiting from the value of generic drugs. These changes not only lead to savings for individual members, but also mean savings for the group.

For more information on the study or BlueCross BlueShield of Tennessee's high deductible health plans, contact your broker or BlueCross account executive.



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