

## **UPMC's newest plan makes late entrance Consumer-driven option available for '06**

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*by Kris B. Mamula*

UPMC Health Plan will roll out a consumer-driven health plan in January, at least a year after other insurers introduced similar plans to the Pittsburgh market.

But being late may have its advantages.

Consumer-driven health plans have been slow to catch on in the region compared with other parts of the country, such as California. What's more, current plans can be a billing and collection nightmare for doctors who have to decipher co-payments and deductibles for individual plans and subscribers.

UPMC's delay in getting into the market may give the insurer an edge in avoiding these hassles by coming up with a better-built plan, according to David Straight, president and CEO of Wexford-based consultant Benefits Network. Also, UPMC's affiliation with the big health care network is an opportunity for the insurer to provide better educational resources for consumers. The dearth of such data, such as cost and quality comparison information, is the Achilles' heel of consumer-driven health plans.

"If I'm going to have elective surgery, how am I supposed to know which is the best service at the best price?" Straight said. "The information just isn't there yet."

UPMC's plan will provide for e-mail contact between patients and doctors, while linking doctors to the insurer, according to Michael Taylor, executive director, sales and marketing at UPMC. That means doctors will have immediate access to patient enrollment and benefits information, simplifying billing. Although there are no plans for cost comparison information on the insurer's Web site, Taylor said such data may be added later.

UPMC's partners include East Windsor, N.J.-based CareGain Inc., which will provide the software for the patient-doctor-insurer links, and Mellon Bank, which will handle

medical savings accounts for subscribers. Mellon subsidiary Dreyfus, a mutual fund company based in New York City, will provide consumer investment services.

UPMC's plan offers many of the bells and whistles found in other consumer-driven health plans. It will be a medically underwritten preferred provider plan, with deductibles ranging between \$1,250 and \$3,750 for individuals. Family deductibles will range between \$2,500 and \$7,500. The plan also will offer health savings accounts, which members retain regardless of where they work, and health reimbursement accounts, which can be tapped to pay for prescriptions and other expenses.

Among UPMC's strengths in the insurance market are some 6,700 participating physicians at 80 hospitals in 29 counties of Western Pennsylvania. The University of Pittsburgh Medical Center employs nearly 40,000 people and the some 11,000 people work at affiliate University of Pittsburgh, a ready market for its insurance products. UPMC currently insures some 440,000 people in the region.

UPMC's entry into the consumer-driven market follows a similar move by UnitedHealthcare of Pennsylvania, which signed a 10-year deal in July with Jefferson Health System. Jefferson, the Philadelphia region's biggest hospital network, has 10 hospitals. Among the benefits of such deals is some protection from bad debt for doctors and hospitals.

Highmark Blue Cross Blue Shield, the region's dominant insurer, picked up 400 group customers, representing some 8,500 people, in the eight months since it introduced a consumer-driven plan in January, according to Highmark spokesman Phil Neubauer.

Consumer-driven plans shift responsibility to consumers for paying medical bills. With the swipe of a debit card, which is linked to a member's medical savings account, the doctor or hospital gets paid immediately.

Bill Sharon, senior vice president at employee benefits firm Aon Consulting's Tampa, Fla., office, said UPMC's foray into consumer-driven plans marks a shift in the health system's business model. For at least 25 years, hospitals dealt with insurers for payment - now they will be dealing directly with consumers. "It's a pretty dramatic change," Sharon said.