We may not like to think of something as personal as health care in economic terms, but the economics of health care are driving our access to care and affecting our lives. If we apply the principles of supply and demand to health care utilization, what do we see?

Supply factors for the most part are outside the control of individual health care consumers. Geographic access to care, practice patterns among provider groups, insurance coverage, point-of-use cost sharing features and provider incentives are all supply side factors. Health care demand also includes factors outside individual control, such as age, genetics and accidents. Many demand factors, however, fall within our influence. Attitudes about health care, personal health habits and self-efficacy or self-advocacy are all elements that are potentially influenced by individual consumers.

The factors within our control are crucial because they often directly impact our risk of chronic disease, which is the leading cause of death and a major source of healthcare utilization and cost, according to the U.S. Centers for Disease Control. An effective demand management strategy should address both supply and demand, focusing on lowering the incidence and severity of chronic disease.

5 KEYS TO A DEMAND MANAGEMENT STRATEGY

1) Remove barriers to recommended routine preventive care services

Health care reform mandates coverage of preventive screening services, but barriers still exist. Fear of test results, lack of time to schedule appointments and competing priorities all keep employees away from recommended screening services. Offering preventive screenings on-site can be an effective strategy. Mobile mammography, biometric screenings, flu shots or on-site clinics are all worthy options.

2) Provide decision-making support to build self-efficacy skills

Nurseline services, medical self-care books or online content, and healthcare consumerism classes may all be appropriate tools to teach employees that they can shop for health care like they shop for other goods and services they need. Consumers often lack the knowledge and confidence to question providers, compare treatment options and make informed decisions about their care.

3) Employ levers to drive desired behaviors

Incentives that reward participation in health screenings or preventive care visits, subsidies for treatments of chronic health conditions and rewards for health improvement can all motivate behavior change.

4) Develop a comprehensive worksite wellness program

Wellness programs focus on the factors that drive chronic conditions and can be very effective in helping employees improve
health habits, mitigate risk factors and, over time, reign in costs by reducing the need for care.

5) Create transparency and give employees a reason to care about cost and quality

For years, health plans made the cost of health care invisible. Savvy employers are collecting and disseminating information about the cost and quality of care in their local marketplaces. Some are contracting with cost-efficient, high-quality service providers in and incenting employees to use them. Serigraph, a mid-sized Wisconsin manufacturer and a leader in demand management has made sure employees are actively involved in making careful and effective health care decisions (in addition to employing the four strategies above). Serigraph has instituted consumer-driven plan designs and created their own internal database of costs based on their own health claims and on the reporting of employees. Serigraph rewards employees for choosing high-quality, low-cost providers by sharing a percentage of the financial gains.

The success of a demand management program may rest on the extent to which employers and employees understand the program’s goals are shared by all: lowering costs and improving health.

Sources
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