

HP4LifeSM

“A Practical Health Coverage Solution for our Health Care Crisis”

Report #7

Health Plan for Life (*HP4Life*SM)

Final Model and Concept Paper

Prologue:

This model of health coverage and its companion preventive and health management interventions is offered as both a short and long term solution for the seemingly intractable problems of accessibility, quality and cost of health care. This model health plan design and its companion interventions can be adapted to the current health benefit coverage of individual employee groups of any size, multiple employer plans, health and welfare union trusts, beneficiaries of Medicare, recipients of Medicaid, military beneficiaries, special risk pool populations and retiree groups. **HP4LifeSM** is designed to help counteract the significant market imperfections that exist in the American health care system. At its core, this plan combines an adjustable Consumer Driven Health Plan (CDHP) to fit different financial needs and current health coverage forms with an integrated set of state-of-the-art prevention and health management interventions. **HP4LifeSM** is designed for all individuals and families who seek greater choice and individual decision-making. This version of **HP4LifeSM** is not intended for people who are institutionalized or have a number of health problems. It is also designed to make significant improvements in the health status of those under this form of coverage.

The core values that have shaped the design and development of **HP4LifeSM** are:

- Balance market forces with government regulation and subsidies for vulnerable populations
- Enhance consumer choices and create clear health care coverage options
- Create personal incentives to encourage saving for future health costs and efficient use of health care
- Formally include a strong expression of prevention and health management as integral parts of the model design
- Provide culturally sensitive interventions to beneficiaries
- Need for at minimum universal coverage for everyone
- Savings should be shared in an equitable manner among the consumer, the provider and the plan sponsor
- Improve the consumer's ability to make decisions by encouraging an early preventive relationship with a provider
- Introduce greater administrative simplicity in the financing of health care
- Implement and rigorously test this model design in one or more controlled trials before widespread adoption

The various individual components of **HP4LifeSM** have been tested and studied extensively, with the exception of the CDHP plan design.

However, the combination of plan design and health management interventions are seen as operationally inseparable. A full-scale independent trial and rigorous evaluation of **HP4LifeSM** is part of the future plans of the **HP4LifeSM** Working Group.

The CDHP is intended to lead to more efficient health care use and lower health costs due to improved consumerism and tangible improvements in health status due to increased motivation and access to health management and preventive services.

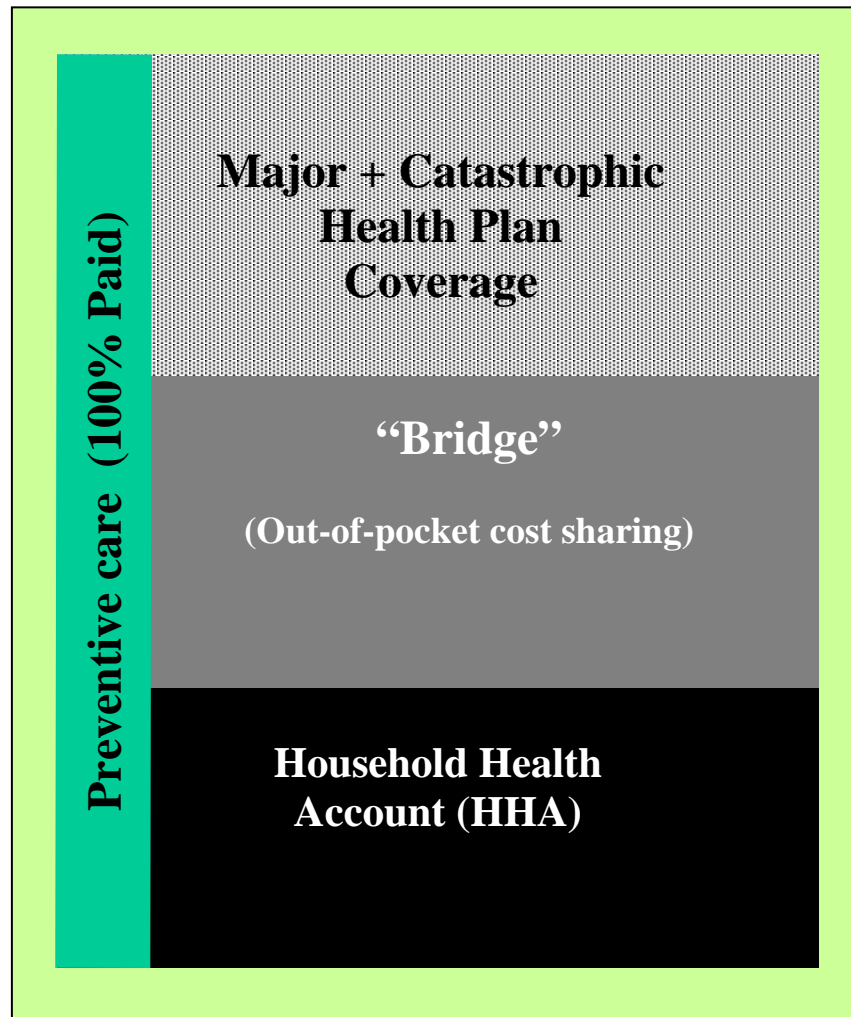
What is HP4LifeSM?

- ✓ ***HP4LifeSM*** is a model health coverage that integrates and adapts a consumer-driven health plan design, to whatever the form of health plan coverage the individual or group currently has, combined with the formal integration of a number of proactive prevention and health management interventions and incentives.
- ✓ ***HP4LifeSM*** is a solution that uses improved consumer decision-making and preventive interventions catalyzed by incentives and use of newer prevention technology.
- ✓ ***HP4LifeSM*** is not a financing mechanism for the economic risk of health care, nor is it a “one size fits all” form of a health plan. Some entity such as an individual, an employer or local, state or national government agency will still need to provide the financing for health care. ***HP4Life*** is simply a template that can be adapted to virtually any population that manages its own resources.
- ✓ ***HP4LifeSM*** is a highly flexible model form of a health plan combined with a structured set of prevention and health management interventions.
- ✓ The short and long term economic effectiveness of ***HP4LifeSM*** is based on two major premises:
 - One.... that when consumers spend their own money they spend it more wisely that someone else’s, whether that other entity is an employer, insurance company or governmental entity. Thus the consumer-directed health plan design of ***HP4LifeSM***.
 - Two.... a very significant portion of health care use is potentially preventable, if the incentives are significant enough and structured effectively. Thus the set of health management interventions with incentives included in the design of ***HP4LifeSM***.
- ✓ ***HP4LifeSM*** is not intended to make every stakeholder and interest group in health care pleased with every facet of its design. We believe that it is politically and technically impossible to fix the mounting problems of our health care system while keeping everyone pleased with all the required changes.

HP4LifeSM Overview:

The HP4LifeSM model involves a....

Consumer Driven Health Plan (CDHP) and a set of Health Management Interventions

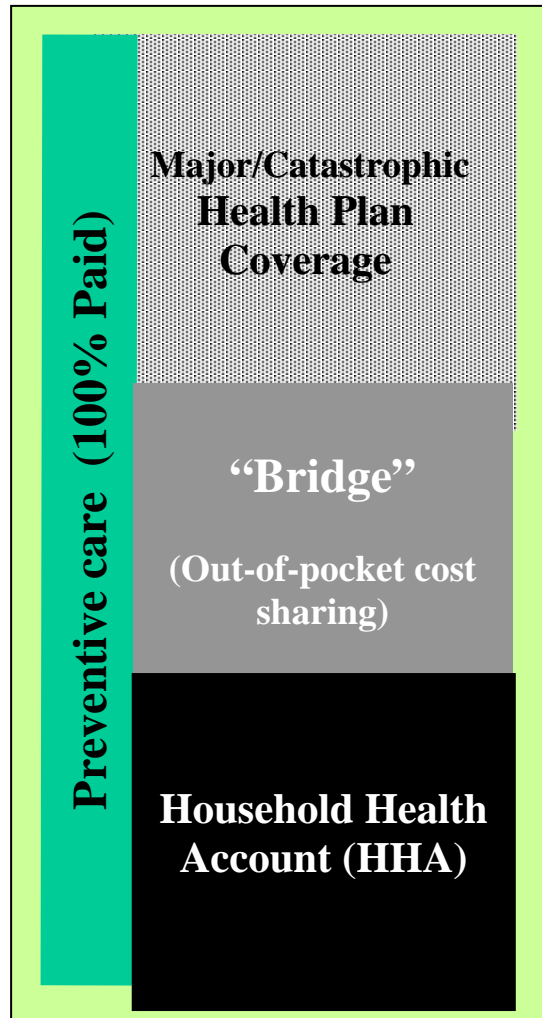


- ✓ **"You Can Make a Difference" 2 hour workshop**
- ✓ **Annual health questionnaire (HRA) required**
- ✓ Personal wellness report mailed to each individual
- ✓ Telephone follow-up for high risk and at-risk
- ✓ Wellness coach option for high risk
- ✓ Disease management for selected conditions
- ✓ Clinical summary page for physician from HRA
- ✓ Self-directed change materials sent on request
- ✓ Wellness newsletter mailed to home monthly
- ✓ Recommended websites for health topics
- ✓ Option for a wellness mentor
- ✓ Medical self-care book mailed to home
- ✓ 24/7 toll-free health advice line
- ✓ Health audio-tape phone library
- ✓ Full amount in HHA for receipt of preventive care
- ✓ Incentive for wellness achievements
- ✓ Targeted biometric screening
- ✓ Link to site-based health and wellness services

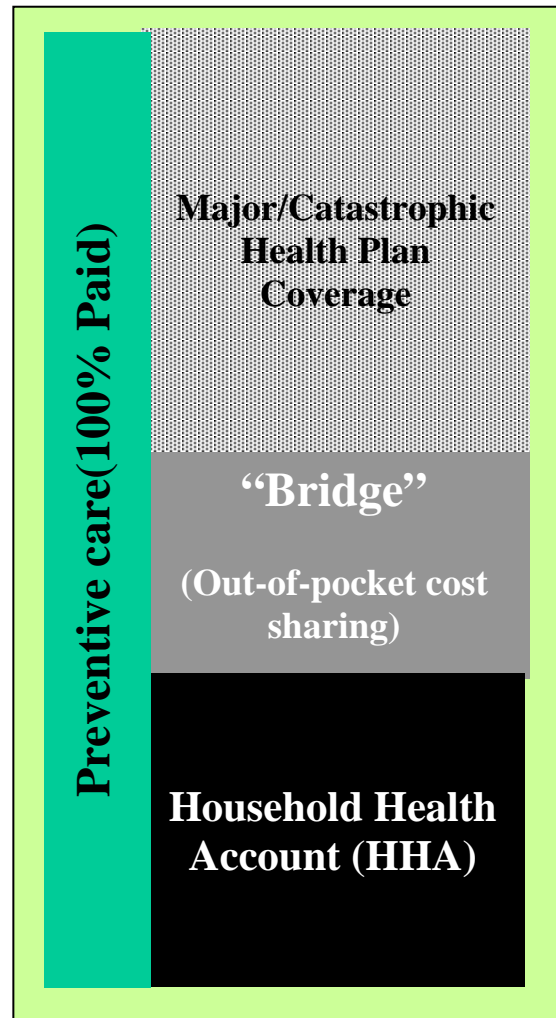
Note: Those items in bold are required while the rest would be used on a voluntary basis.

The CDHP is scalable or modifiable to fit the benefits and economic resources of the population involved. For example, the relative size of the various parts of the CDHP could vary in the following way for the three major groups identified below:

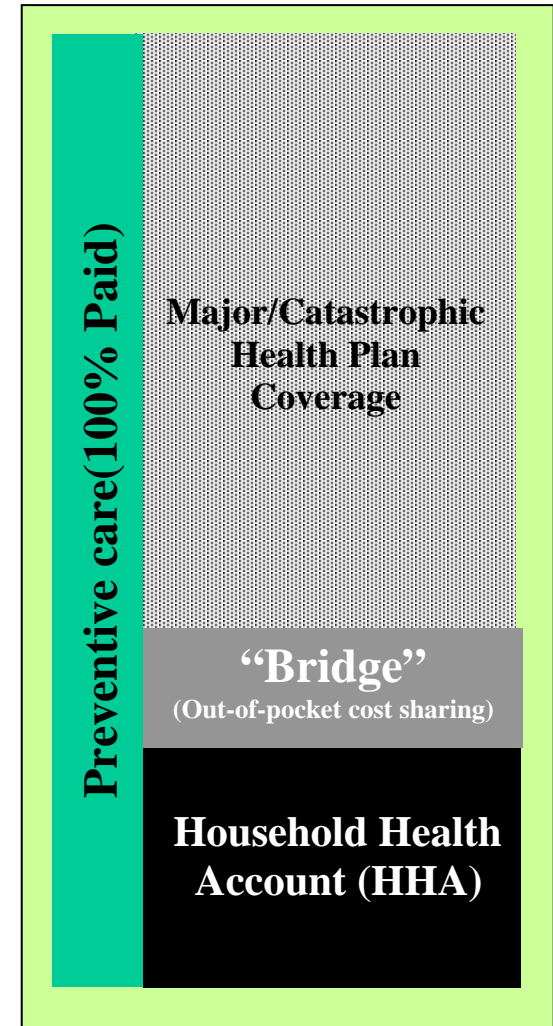
*Private Sector
Employer Version*



*Public Sector
Employer Version*



*Publicly Subsidized
Population Version*



How HP4LifeSM Works.....

Private Sector Employer Version

Public Sector Employer Version

Publicly Subsidized Population Version



Family Characteristics

Consumer Driven Health Plan Features

	Private Sector Employer Version	Public Sector Employer Version	Publicly Subsidized Population Version
Annual Income	\$62,000	\$34,000	\$28,000
Individual Deductible	\$2,500	\$1,500	\$1,000
Family Deductible	\$5,000	Non-Applicable	Not Applicable
Total Maximum out of Pocket	\$4,500	\$2,500	\$1,500
Household Health Account (HHA)	\$1,500	\$500	\$800
Flexible Spending Account	Yes (\$1,000)	No	Yes (\$500)
Actual Medical Expenses	\$2,700	\$100	\$4,600
Actual out of Pocket	\$200	\$0	\$0
End of Year Amount in HHA	\$0	\$400	\$0

Health Management Interventions

	Private Sector Employer Version	Public Sector Employer Version	Publicly Subsidized Population Version
Attend 2 Hour Educational Workshop	Required	Required	Required
Annual Health Questionnaire	Required	Required	Required
Receive Personal Wellness Report	Yes	Yes	Yes
Telephone Call Follow-up	Yes	Yes	Yes
Wellness Coaching Options	Yes	Yes	Yes
Disease Management Program	Yes	Yes	Yes
Clinical Summary of HRA for MD	Yes	Yes	Yes
Self-Directed Material on Request	Yes	Yes	Yes
Receive Wellness Newsletter at Home	Yes	Yes	Yes
Recommended Wellness Websites	Yes	Yes	Yes
Wellness Mentor Option	Yes	Yes	Yes
Medical Self-Care Book	Yes	Yes	Yes
24/7 Health Advice Line	Yes	Yes	Yes
Health Audiotape Library	Yes	Yes	Yes
Full HHA Amount for Preventive Care	Yes	Yes	Yes
Incentives for Wellness Achievements	Yes	Yes	Yes
Targeted Biometric Testing	Yes	Yes	Yes
Linked to Site Based Prevention Activities	Yes	Yes	Yes

Details of the Consumer Driven Health Plan (CDHP):

The standard design features of the CDHP component of *HP4Life*SM follow:

- ✓ The overall CDHP provides the financial reimbursement for health care coverage for individuals in each covered household.
- ✓ The scope of covered services under the high deductible health plan coverage would include the types of medical and health services that are included in the replaced health plan and are entirely scalable or open to adjustment for the population involved.
- ✓ Each covered household would have a “Household Health Account”(HHA) that would be fully portable. Any amount remaining at the end of the benefit year would roll over to the following year. The HHA would use a Section 105 Medical Reimbursement Plan vehicle, debit card or similar mechanism. Legislative reform of the Medical Savings Account (MSA) provisions of HIPAA could have an effect.
- ✓ The scalable HHA would be funded each year by the employer, state or the individual with tax deductible or tax-exempt dollars.
- ✓ The actual total amount provided could vary according to the individual’s participation in the health management interventions.
- ✓ Each individual covered by the CDHP would need to complete a health questionnaire annually that would be used in several health management interventions and in a manner fully consistent with HIPAA privacy regulations.
- ✓ All covered households under employer-sponsored benefits would have the option to use a health care Flexible Spending Account (FSA) as pre-tax dollars for expected health care expenses. (This provision would apply until legislative changes to MSAs occur)
- ✓ The maximum amount deposited in the HHA each year would be linked to the deductible and the Maximum Out of Pocket (MOP) levels of the Health Plan for each group of similarly situated individuals. FSAs can be used to lessened the financial burden for the low income.
- ✓ Clinical preventive services would be provided for each covered individual paid at 100% directly by the CDHP plan vendor. The amount would be based on the patient’s age. Preventive services would also include services to avoid complications of selected chronic diseases.
- ✓ The high deductible plan vendor would utilize proven accepted utilization management provisions for health care covered under the Major and Catastrophic health plan coverage.
- ✓ The maximum-out-of-pocket (MOP) feature helps keep utilization within the preferred network if applicable.
- ✓ The HHA may apply to a broader range of covered health services than the high deductible health plan coverage, but would not exceed those “substantiated medical services” defined under Section 213(d) of the Internal Revenue Service Code.
- ✓ Withdrawals from an HHA for other than “substantiated medical expenses” would incur a tax penalty and can utilize debit cards.
- ✓ Unused HHA funds in a calendar year will be carried forward to the following year and could be used indefinitely until exhausted.
- ✓ Single employees would have a small payroll contribution for the high deductible health plan
- ✓ Employees desiring dependent or family coverage would have a additional payroll contribution for coverage under the high deductible health plan.

Details of the Health Management Interventions:

The health management interventions of the *HP4LifSMe* would include the following:

Name	Brief Description
✓“You Can Make a Difference” 2 hour workshop	This two-hour ‘face to face’ workshop informs plan enrollees / consumers about the health care costs crises, and what they can do to be wiser health care consumers. Also this session can include information on medical self-care, preventive screening, avoiding patient safety problems and utilizing the many health interventions available to them.
✓ Annual health questionnaire (HRA) required	A 60+ question, computer processed, health questionnaire provides the core data on each adult participant, to include: demographic, cardiovascular health, medication history, medical history, current symptomatology, selected family medical history, preventive screening, overall health, men’s and women’s health concerns, exercise, nutrition, tobacco use, drug and alcohol use, safety, stress & happiness, lifestyle choices, medical care preferences, and biometric information. This information would be used for planning, individual interventions and program evaluation purposes.
✓ Personal wellness report mailed to each individual	Personal wellness report mailed to individual’s home should be a four color piece with high degree of personalization, website suggestions and a one page clinical summary to be given to the individual’s physician. Report should also include recommendations for participation in other health management interventions and preventive screening.
✓ Telephone follow-up for high risk and at-risk	For those individuals with multiple health risks and specific health issues a telephone call would be made to their home in the evening offering them a follow-up coaching process for any health risks or health behaviors they would like to change.

✓ Wellness coach option

For all individuals other than those involved in the high risk behavior category that desire telephonic coaching support for health behavior change this option would be made available on a periodic basis. Wellness coaches are specially trained health educators and other health professionals that are trained to provide coaching for behavior change.

✓ Disease management for selected conditions

For approximately 5% of the population with high chronic disease costs, a disease management phone consultation process would be provided. The diseases involved may include, but not be limited to: diabetes, asthma, MS, cardiovascular disease, congestive heart failure and COPD. The evidence based preventive medical benefit coverage would include a defined set of preventive activities connected to specific chronic diseases such as diabetes, COPD, and other diseases and conditions. Incentives would also be attached to participation in a well-integrated disease management program.

✓ Clinical summary page for physician from HRA

The last page on the individual's HRA personal wellness report is separate and may be taken by that participant to their primary care physician. The purpose is to coordinate the information provided under the *HP4Life HRA questionnaire* with the *specific* patient's current care.

✓ Self-directed change materials sent on request

For those involved in a telephone coaching process: provide a variety of materials designed to help the individual manage his / her own health behavior change(s). Others would have a periodic opportunity to request these materials when they are motivated to change.

✓ Wellness newsletter mailed to home monthly

An attractive and well-written wellness newsletter would be sent 10 times a year to each household involved in *HP4Life*.SM The purpose of the newsletter: to provide scientifically sound

health advice, information on consumer health tips, injury prevention tips, seasonal health concerns. Also includes information for individuals in various stages of readiness to change. Website addresses would also be included along with thought provoking and humorous ideas. Culturally sensitive materials would be provided to major sub-groups.

✓ Recommended websites for health topics

A list of websites that provide sound health information would be provided to all participants in *HP4LifeSM* and these would be included in a variety of informational vehicles reaching program participants.

✓ Option for a wellness mentor

Participants wanting a formal connection to a wellness mentor to follow a proven successful health behavior modification plan would be provided a mentor. Wellness mentors are individuals that have received some minimal training that have been successful in making a health behavior change and can support another individual that is attempting to make a similar kind of change.

✓ Medical self-care book mailed to home

A medical self-care book that provides clinician-derived advice on dealing with the minor self-limiting symptoms would be distributed to each household participating in *HP4LifeSM*. Additional medical self-care books that focus on appropriate health issues for the household involved would be distributed periodically.

✓ 24/7 toll-free health advice line

A toll free, 24/7 health advice line would be made available to all participants in *HP4LifeSM* and the line would provide a broad range of health information functions.

✓ Health audio-tape phone library

All participants would have access to a toll-free health and medical audiotape library where individuals can call in, request a specific tape and listen to it. (>450 health topics)

✓ Full amount in HHA for current preventive care

For those beneficiaries that participate by receiving all preventive screening, immunizations and tests recommended by their Primary Care Physician (PCP) by September 1st each year, they receive the full amount of contribution in their Household Health Account. If they do not provide a Preventive Care Certificate from their PCP then the amount in their HHA is reduced by 25%. Negative co-pays can be used for low income beneficiaries and preventive care would be defined to include services to avoid complications with certain chronic diseases.

✓ Incentive for wellness achievements

All participants meeting any 8 out of 10 wellness criteria by September 1st each year will receive an additional 25% in their HHA the following year. Improvements in health status would be included in the form of the wellness criteria.

✓ Targeted biometric screening

For any participant whose HRA indicates that they need a follow-up biometric screening test, the individual will be contacted by telephone and referred to a site for testing.

✓ Link to site-based health and wellness services

To the extent possible, the health management interventions would be linked to site-based health and wellness services available at the worksite and at community locations. Referral information would be available by phone and through website provided information. Nutrition, mental health, alcohol, drug abuse, and behavioral health topics would be included.

Note: All individuals enrolled in a *HP4Life*SM style health plan have access to all the health management interventions identified above but not all would choose to use or need these interventions. The only required interventions are the 2 hour workshop and the completion of the health questionnaire each year. The remainder of the interventions may be promoted to those individuals completing the health questionnaire based on their expressed or clinically determined needs. The health management interventions would be funded by the financial sponsor of the CDHP.

It is expected that one or more vendors would be used to integrate all the health management and preventive interventions. This is likely to provide an organizational structure that lends itself to high levels of service integration and better coordinated service delivery.

The Economics and Benefits of HP4LifeSM

This model form of health coverage, based on a large body of scientific evidence, is expected to produce health cost savings for actuarially credible populations of 5% to 35% of total expected costs along with similar magnitude improvements in health status. The cost of administrative operation of the Household Health Account and the delivery of all the health management interventions is not expected to exceed \$300 per person per year or 5% of the cost of the average health plan expenses for the population involved.

The major benefits from ***HP4LifeSM*** for the individual beneficiary include the following:

- ✓ 100% paid preventive medical benefits with increasing coverage with age.
- ✓ The opportunity to have a tax advantaged savings vehicle for future medical expenses.
- ✓ Protection against major catastrophic health expenses.
- ✓ Potential ability to receive coverage through the HHA for a broad array of health expenses not covered by conventional health plans.
- ✓ Access to a comprehensive array of prevention and health management interventions.
- ✓ Ability to receive additional resources for participation in programming, wellness achievements and receipt of preventive care.
- ✓ Support and information for health behavior change.
- ✓ Reduced health risks, out-of-pocket health costs and improvements in health status and morbidity
- ✓ Improved productivity and quality of life

Some of the articles used to formulate these economic hypotheses are as follows:

Anderson, D., & Stauffer, M. (1996). The Impact of Worksite-based Health Risk Appraisal on Health-related Outcomes: A Review of the Literature. *American Journal of Health Promotion*, 10(6), 499-508.

Christianson, J., et. al., (2002) Defined Contribution Health Insurance Products: Development and Prospects, *Health Affairs*, January/February, 21(10), 49-64.

Edington, D.W., Yen, L.T., & Witting, P. (1997). The Financial Impact of Changes in Personal Health Practices. *Journal of Occupational and Environmental Medicine*, 39(11), 1037-1046.

Editors (2003) Report of the U.S. Preventive Services Task Force. *Guide to Clinical Preventive Services* (3rd ed.). William & Wilkins, p. 953.

Friede, A. (1997). *CDC Prevention Guidelines: A Guide for Action*. Baltimore, MD: Williams & Wilkins, p. 1556.

Glanz, K., Sorenson, G., & Farmer, A. (1996). The Health Impact of Worksite Nutrition and Cholesterol Intervention Programs. *American Journal of Health Promotion*, 10(6), 453-470.

Goetzel, Ron Z., et al. (1998 June). Differences Between Descriptive and Multivariate Estimates of the Impact of Chevron Corporation's Health Quest Program on Medical Expenditures. *Journal of Occupational and Environmental Medicine* 40, (6) 538-545.

- Heaney, C., & Goetzal, R. (1997). A Review of Health Related Outcomes of Multi-Component Worksite Health Promotion Programs. *American Journal of Health Promotion*, 11(4), 290-307.
- Hennrikus, D., & Jeffery, R. (1996). Worksite Intervention for Weight Control: A Review of the Literature. *American Journal of Health Promotion*, 10(6), 471-498.
- Herzinger, R., (2002) Let's Put Consumers in Charge of Health Care, *Harvard Business Review*, July, p. 4-11.
- Last, J., & Maxcy-Rosenau, (Eds.). *Public Health and Preventive Medicine* (13th ed.). Norwalk, CT: Appleton & Lange, p. 1257.
- Murphy, L. (1996). Stress Management in Work Settings: A Critical Review of the Health Effects. *American Journal of Health Promotion*, 11(2), 112-135.
- Musich, S., et.al., (2003) Examination of Risk Status Transitions Among Active Employees in a Comprehensive Worksite Health Promotion Program, *Journal of Occupational and Environmental Medicine*, 45(4), 393-399.
- Musich, Shirley A., et.al., (2000) Effectiveness of health promotion programs in moderating medical costs in the USA, *Health Promotion International*, 15(1): 5-15.
- Newhouse, J., (1991) *Free for All? Lessons from the Rand Health Insurance Experiment*, Harvard University Press, Cambridge, MA, p. 438.
- Osinubi, O, et.al., (2003) A Pilot Study of Telephone Based Smoking Cessation Intervention in Asbestos Workers, *Journal of Occupational and Environmental Medicine*, 45(5), 569-574.
- Ozminkowski, Ronald J., et.al., (1999) A return on investment evaluation of the Citibank, N.A., Health Management Program, *American Journal of Health Promotion*, September/October; 14(1):31-43.
- Ozminkowski, Ronald J., et.al., (2002) Long term impact of Johnson & Johnson's Health & Wellness Program on health care utilization and expenditures, *Journal of Occupational and Environmental Medicine*, January; 44(1); 21-29.
- Roman, P, & Blum, T. (1996). Alcohol: A Review of the Impact of Worksite Interventions on Health and Behavioral Outcomes. *American Journal of Health Promotion*, 11(2), 136-149.
- Serxner, Seth, et.al., (2001) The impact of a worksite health promotion program on short term disability usage, *Journal of Occupational and Environmental Medicine*, January; 43(1): 25-29.
- Shepard, R. (1996). Worksite Fitness and Exercise Programs: A Review of Methodology and Health Impact. *American Journal of Health Promotion*, 10(6), 436-452.
- Wilson, M. (1996). A Comprehensive Review of the Effects of Worksite Health Promotion on Health-related Outcomes: An Update. *American Journal of Health Promotion*, 11(2), 107-108.
- Wilson, M., Holman, P., & Hammock, A. (1996). A Comprehensive Review of the Effects of Worksite Health Promotion on Health-related Outcomes. *American Journal of Health Promotion*, 10(6), 429-435.
- Wilson, M., Jorgenson, C., & Cole, G. (1996). The Health Effects of Worksite HIV/AIDS Interventions: A Review of the Research Literature. *American Journal of Health Promotion*, 11(2), 150-157.
- Woolf, S. (Ed.). (1996). *Health Promotion and Disease Prevention in Clinical Practice*. Baltimore, MD: William & Wilkins, p. 618.

Conclusion

HP4LifeSM is a model form of health coverage that can mirror the features of the health plan it is replacing, but universally adds a larger financial role for the consumer than any existing health plan. In addition the consumer's financial responsibility can be scaled to their income level and family characteristics. The ability to carry-over unused balances in their Household Health Account (HHA) is intended to allow a significant level of savings for future health care expenses.

The wide range of “virtual” health management interventions do not require the individual to go to any particular physical location, but rather are intended to offer help, information and support to individuals in their homes. The only information needed to provide ***HP4Life*** is the individual's name, home address and home telephone number.

To reiterate, ***HP4LifeSM*** is a health plan model that:

- ✓ Places the subscriber/consumer in a much more powerful position to control their own health care choices and alternatives.
- ✓ Can be used to replace any kind of health plan with any level of benefits and coverage in either the private or public sectors.
- ✓ Provides a more comprehensive set of preventive and health management interventions than virtually any existing health plan.
- ✓ Combines economic incentives with the resources and tools to achieve healthier people and healthier populations.
- ✓ Is based on a set of values that strive to balance cost, quality and accessibility of care.
- ✓ Provides a platform for virtually any range of scope of covered services and benefits.
- ✓ Provides a health plan vehicle for any form of risk assumption from fully insured to fully self-insured.
- ✓ Uses a set of “demand-side” approaches along with the traditional “supply-side” approaches to achieve long-term stabilization of health care costs.
- ✓ Lends itself to a high level of measurement and evaluation.
- ✓ Provides a solution for many of the most significant market imperfections that exist in the health care industry.
- ✓ Offers a consumer-centric solution coupled with shared risk to effect desired health care reform changes.

Since all the combined components of ***HP4LifeSM*** are not in operation anywhere at the present time, it is imperative that a rigorous research and demonstration project to test ***HP4LifeSM*** be implemented.

For more information on the Health Plan for Life (*HP4LifeSM*) visit the Evergreen Freedom Foundation (EFF) website identified below. You can download any of the following reports depending on your interest in this new model for health coverage. Go to [EFF's website](#) and download any or all of the following:

Report Number	Title	Brief Description	File Size
#1	Overview Graphic	A one page graphic of the <i>HP4LifeSM</i> health coverage model.	90k
#2	Background Document on <i>HP4LifeSM</i>	This report provides the rationale for <i>HP4LifeSM</i> and sets the context for why it was developed.	200k
#3	Workshop Charge Documents for Testing and Refinement of <i>HP4LifeSM</i>	This documents provides the workshop charge, objectives and plan for testing the soundness of the <i>HP4LifeSM</i> concept and sets the stage for the workshop event that happened in September of 2003. The original version of <i>HP4LifeSM</i> is included in this document.	400k
#4	Workshop Participants and Facilitators	This document identifies the individuals who participated in the Workshop including; Steering Group Members, facilitators and participants.	200k
#5	Summary PowerPoint Presentation on <i>HP4LifeSM</i>	This PowerPoint presentation presents the background, rationale and specific forms of the <i>HP4LifeSM</i> and completed note pages.	900k
#6	Workshop Summary	This is the annotated record and summary of the two day invitational workshop to review, refine and modified <i>HP4LifeSM</i> .	325k
#7	<i>HP4LifeSM</i> : Final Model and Concept Paper	This is the formal outcome of the refinements recommended by the participants at the invitational workshop on <i>HP4LifeSM</i> .	375k
#8	About the Workshop Sponsors	This document describes the sponsoring organizations for the <i>HP4LifeSM</i> invitational conference: Evergreen Freedom Foundation and the Washington Health Foundation	75k
#9 (all eight docs)	Full <i>HP4LifeSM</i> Report Package	This download includes all eight documents described above.	2.6meg

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