



**What every small business owner needs
to know about consumer-directed plans**



**Get to the bottom of
Consumer-Driven
Health plans**

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**The information you
and your employees
need**

This handbook is designed to help you understand how Consumer-Driven Health plans work, and the advantages they offer you and your employees.

ACEC represents a diverse membership, but there's one thing that's true of all these engineers: They value resilience and flexibility, and appreciate the opportunity to make their own decisions based on facts and data. That's why we're happy to present Consumer-Driven Health plans for your consideration: These plans give your employees the autonomy to choose and seek their own care while providing the coverage and value that you'll both feel good about.

Encourage employee engagement and cost management

Give your employees access to the right information, tools and support, and they become more involved in their health care decisions. The results benefit the health of your employees AND the bottom line of your business.

Consumer-Driven Health plans encourage your employees to share more responsibility for how health care dollars are spent. As an employer, you can choose one of two funding types to help your employees pay for and manage their health care expenses: a **Health Savings Account (HSA)** or **Health Reimbursement Account (HRA)**.

Depending on your business needs, Consumer-Driven Health plans could be the best way for your business to address the rising cost of health care and to encourage your employees to become more involved with their health care decisions.

UnitedHealthcare Plan Finder

Choose the right type of health plan.

Which of the following statements best reflects your company's view on health insurance?

Choose between and Consumer

based on your

- 1** "Our health insurance premiums are too high. We need to do something to get them under control."
- Agree
 Disagree

- 2** "My employees should be more engaged in making health care decisions and be more responsible for the cost."
- Agree
 Disagree

If you primarily agreed with statements one and two, you should consider a Consumer-Driven Health plan.

- 1** "We are interested in affordable health care options for owners and/or employees."

- 2** "The company owners and/or employees looking to reduce tax liabilities?"

- 3** "We offer competitive health insurance benefits because it helps us with employee retention and recruiting."
- Agree
 Disagree

- 4** "My employees and industry demand traditional health care coverage that is simple to understand with the lowest out-of-pocket employee costs."
- Agree
 Disagree

If you primarily agreed with statements three and four, you should consider traditional health coverage such as a PPO, POS or HMO.

- 1** "My employees would be happy using a defined medical network of physicians and hospitals."

- 2** "My employees would also prefer a plan that would allow them to use physicians and facilities that are not within the network, but at a lesser benefit."

traditional (HMO/POS/PPO Plans)
(HSA plan)
business needs

Choose one or two specific plans
based upon the needs of company
owners and employees

- Yes
- No

If you answered "yes" on questions one and two, you should consider a Consumer-Driven Health plan plus a Health Savings Account (HSA)

Popular Option

\$1,200 Individual Network Deductible (with HSA).

For the owners

For the employees

- Yes
- No

Less Expensive Option

\$2,000-\$3,000 Individual Network Deductible (with HSA).

- Agree
- Disagree

If you agreed with statement one, you should consider an HMO or POS plan:

Popular Option

POS Plan with greater freedom of choice.

For the owners

For the employees

Less Expensive Option

HMO Plan with designated primary care physician.

- Agree
- Disagree

If you agreed with statement two, you should consider a PPO plan:

Popular Option

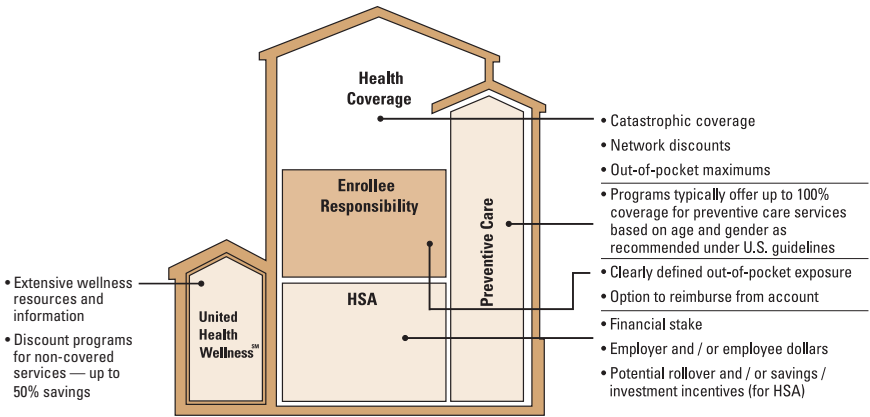
\$250-500 Individual Network Deductible.

Less Expensive Option

\$1,000 Individual Network Deductible.

How a Health Savings Account (HSA) works

Employees fund their individual HSAs with pre-tax dollars. As the employer, you can also contribute to this account. Employees then use their HSA to pay for their health care expenses, including deductibles and copayments. Unused HSA funds belong to the employee.



The HSA works with a Higher-Deductible Health Plan (HDHP).

In 2007, a High Deductible Health Plan's annual:

- ▶ Deductible must be at least \$1,100 for employee-only coverage and \$2,200 for family coverage
- ▶ Out-of-Pocket Maximum must be less than \$5,500 for employee-only coverage and \$11,000 for family coverage.

HSA benefits to employers:

- ▶ Lower premium cost because of high-deductible requirement
- ▶ Tax-deductible contributions*
- ▶ Improved employee health and reduced absenteeism
- ▶ Employees become smarter consumers and spenders when it comes to health care services. They share more responsibility for how health care dollars are spent:

A study of 25,000 HSA enrollees whose employers use an integrated model found that a majority of those individuals open the bank account (84%), contribute their own funds (67%) and carry balances over from year to year (86%). The study also found that 80 percent of eligible low-income individuals (earning less than \$25,000/year) opened an HSA, with 56 percent making their own contributions. The motivation and ability of these consumers to open and fund their accounts is directly related to the employer's decision to fund the account.**

HSA benefits to employees:

- ▶ More control, self-service
- ▶ Health care information and support
- ▶ Potentially lower premiums
- ▶ Tax-deductible contributions and tax-free withdrawals for eligible expenses
- ▶ Tax free interest earnings and investment options
- ▶ Year-to-year rollover of unused funds to pay for future expenses
- ▶ Ability to take savings and transfer to another plan if employment ends

* A benefit to employers only when they choose to contribute to the account.

** Source: UnitedHealth Group Definity™ Three Year Study of Consumer Driven Health Plans (2003-2005)

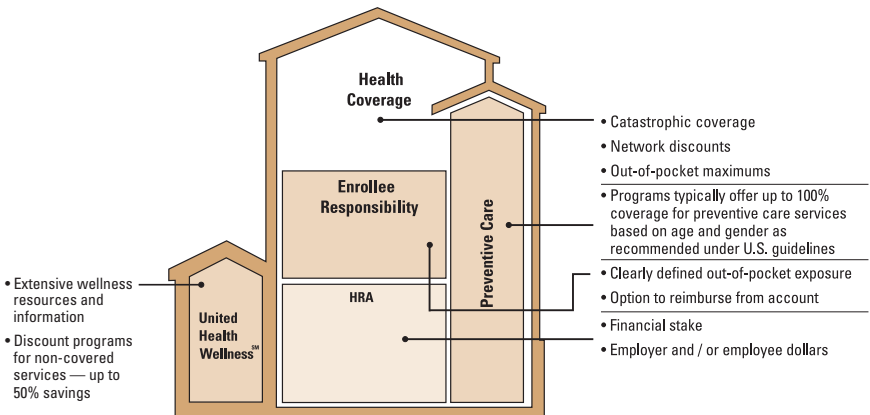
How a Health Reimbursement Account (HRA) works

Employers fund the HRA with pre-tax dollars.

Employees then use their HRA account to pay for their health care expenses, including deductibles and copayments.

Unused HRA funds belong to the employer and remain with you if an employee leaves the company.

The HRA may be offered in combination with select medical plans.



Both the HSA and HRA options put consumers in charge of allocating dollars to pay for health care costs and provide them with a financial incentive to be smart shoppers.

HRA benefits to employers:

- ▶ Lower cost when offered with a high-deductible policy attachment
- ▶ Tax-deductible contributions
- ▶ Maximized cash flow
- ▶ Improved employee health and reduced absenteeism
- ▶ Unused dollars belong to the employer
- ▶ Flexible plan design
- ▶ Employees become smarter consumers and spenders when it comes to health care services. They share more responsibility for how health care dollars are spent:

Preventive Care – More CDH members (with an HRA) sought preventive care services than did PPO enrollees.

Acute Care – Consumers reduced use of acute health services such as hospitalization (22%), and emergency room visits (14%), while these increased somewhat (except for a small reduction in number of hospital admissions) in the preferred provider organization plan. Consumer-driven health care enrollees experienced a slight decrease (8%) in office visits, and are somewhat lower than the preferred provider organization.

Chronically Ill – CDH enrollees (with an HRA) with a chronic illness also used acute services less (8 percent fewer hospital admissions and 12 percent fewer emergency room visits) but continued to visit their primary physician at the same rate as chronically ill members enrolled in traditional plans.*

HRA benefits to employees:

- ▶ More control, self-service
- ▶ Health care information and support
- ▶ More involvement in medical purchasing decisions and wiser use of health care services
- ▶ Potentially lower premiums
- ▶ Coverage to help meet deductible provided by employer

Why Consumer-Driven Health plans allow you to manage costs better than traditional health plans

Traditional health care plan members pay a premium for health care plans, then purchase health care services – sometimes overlooking the actual overall cost. Generally, this coverage has a small deductible and/or employee coinsurance percentage and a moderate copayment.

Traditional health care coverage can encourage overuse of health care services, which contributes to the rising costs of health care coverage. It can also discourage health care professionals from operating in a competitive marketplace.

UnitedHealthcare Consumer-Driven Health plan members are provided with the tools, knowledge, and support they need to become better health care consumers. This encourages individuals to take more ownership of their health; better manage chronic conditions; and make personally relevant choices based on credible information, aligned financial incentives, and trust. This ownership can ultimately lead to lower overall health costs.

Also, by directly involving employees in paying for their health care services, with the help of an HSA or HRA, Consumer-Driven Health plans make health care more affordable for all of us and improve outcomes.

- ▶ **People are more willing** to educate themselves about the expenses they are incurring when they are spending their own dollars. As a result, they may make better decisions about health care expenditures.
- ▶ **Health care professionals will be driven** to compete on price and value.
- ▶ **Consumer-Driven Health plans provide** more resources to support employee health.
- ▶ **Consumer-Driven Health plans offer** incentives to encourage employee involvement in their health care decisions.

Consumer-Driven Health plans support smarter use of health care dollars

- ▶ Fewer visits to the emergency room for non-emergency care
- ▶ Fewer visits to the doctor's office for minor health needs
- ▶ Increased use of generic versus brand-name medicines
- ▶ Increased awareness of actual costs for doctor visits and other care
- ▶ 100% coverage of preventive care
- ▶ Access to health education resources
- ▶ Support for management of chronic conditions

Source: UnitedHealth Group Definity™ Three Year Study of Consumer Driven Health Plans (2003-2005)

With Consumer-Driven Health plans from UnitedHealthcare, you, your employees and their families have the tools and support you need to improve health and get the best value from your coverage.

You're ready for a Consumer-Driven Health plan when...

- ▶ Health care costs are limiting your organization's ability to grow.
- ▶ You **can't afford** to provide health care coverage to your employees.
- ▶ You need employees to **share more of the costs** of health care.
- ▶ You want to **help your employees** and their families maintain or gain access to quality health care.
- ▶ You want your employees to **make better decisions** about their health.

Research shows that involving employees works to reduce costs and improve health.

Better health choices

- ▶ Increased use of preventive services
- ▶ Reduced asthmatic flare-ups due to better self care

Better value choices

- ▶ Reduced emergency room usage as the result of NurseLine™ calls
- ▶ Increased use of home delivery versus pharmacy
- ▶ Increased pill splitting (Pill splitting allows members to buy pills that are twice their normal dosage at almost the same per pill cost as their standard medicine. They then split the pills in half to get two doses for less money.)

Lifestyle change

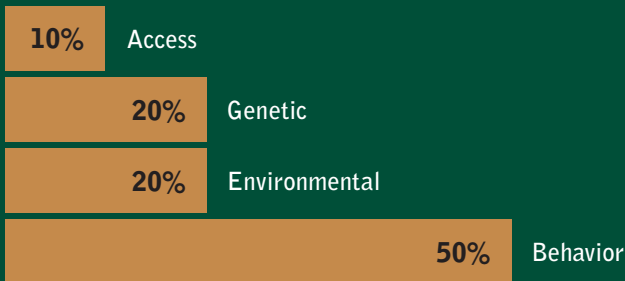
- ▶ Increase in health screenings
- ▶ Self-reported increase in positive health behaviors

Source: UnitedHealth Group Definity™ Three Year Study of Consumer Driven Health Plans (2003-2005)

Did you know?

Factors that affect health are principally behavioral.

Getting employees involved in their personal health is the best way to encourage change.



Source: IFTF, Center for Disease Control and Prevention, 2005

Wellness resources: The foundation for your Consumer-Driven Health plan

Studies show that healthier employees are better for your business. Resources that support employee wellness can have a positive impact on your workplace and are essential to the success of your Consumer-Driven Health plan. Employee wellness initiatives can bring about these improvements and more:

- ▶ Increased employee productivity
- ▶ Reduced absenteeism
- ▶ Lower overall health costs
- ▶ Increased employee satisfaction

The path to wellness

At no additional cost, UnitedHealthcare provides Consumer-Driven Health plan members with helpful and extensive resources to support individual wellness.

Our wellness programs are designed to help your employees understand:

- ▶ What can be done to improve their health
- ▶ How to manage chronic conditions
- ▶ The variety of resources available to them
- ▶ The cost and quality of health care services

Understanding health status

Your employees are encouraged to identify their individual lifestyle and health risks by completing a health assessment. The employee then receives a confidential, personalized report that includes recommendations for preventive steps and lifestyle changes to improve their health.

Support and education to improve health

Employees need to understand what they can do to improve their health and how to manage chronic conditions.

UnitedHealthcare wellness resources include:

- ▶ Preventive care reminders to help detect and prevent diseases
- ▶ Personal health advice available online seven days a week
- ▶ Health coaching to motivate and encourage employees to focus on a variety of conditions including weight loss, nutrition, fitness, smoking cessation, stress management, heart health and diabetes
- ▶ Personalized programs and assistance with the management of a wide range of diseases and disorders such as asthma and diabetes
- ▶ Tools to assess and track progress toward their goals

Employees can also take advantage of discounts on health- and wellness-related products and services available through their plan membership.

- ▶ Fitness, nutrition, weight management, vitamins, supplements and other merchandise
- ▶ Alternative care such as chiropractic, acupuncture, natural medicine and massage therapy
- ▶ Vision care including vision correction surgeries
- ▶ Dental care including whitening, straightening and other cosmetic dentistry
- ▶ Long-term care such as adult day care, assisted living, home care, nursing facilities or medical supplies
- ▶ Hearing care including aids and other listening devices

Choosing the right resources

Employees can compare hospitals, physicians and other health care providers based on cost, quality and patient safety data. This kind of information is critical to make informed health care decisions and get more value for their health care dollars.

Keeping track of personal medical history

Employees can manage their medical records online, including medical history, physician office visits, lab test results, prescription medications and possible drug interactions. Their health records are personalized and they can opt in to receive additional personalized, confidential messages to support their health goals.

UnitedHealthcare promotes transparency of care, providing medical pricing and quality information, to help health care consumers make informed choices.

Consumer-Driven Health plans can create positive health care usage and a wellness culture shift among your employees.

A comprehensive communications strategy will help drive your success.

Best practice is to communicate before and during enrollment to:
Introduce your Consumer-Driven Health plan. **Drive** enrollment.
Set employee expectations. **Drive** satisfaction.

Communicate after enrollment to transform employees from passive users to **activated, informed** health care consumers.

Communicate early and often to enjoy the long-term benefits of your Consumer-Driven Health plan.

Finally, an affordable option for your business

With Consumer-Driven Health plans, you can save through lower premium rates and still protect employees from excessive out-of-pocket expenses.

The HSA opportunity

Consider a company with 20 employees that currently has a traditional HMO plan with a \$15 physician copayment and a \$2,500 employee out-of-pocket maximum. An employee goes to the hospital emergency room complaining of chest pains. The health problem is not life threatening, but is rare. The four-day hospital visit plus a subsequent six-day hospital stay generates approximately \$15,000 in medical bills. The employee also misses work waiting for the necessary preauthorizations and pre-certifications required to see specialists for their condition.

Here’s how this employee’s experience could have been different if the company had purchased one of United Healthcare’s competitively priced products with a DefinitySM Health Savings Account.

	HMO Plan with \$250 Deductible	UnitedHealthcare POS Plan with \$250 Deductible	UnitedHealthcare HSA Plan \$2,000 Deductible
Employer Savings	N/A	Comparable premium to HMO	Up to 20 percent savings over HMO including \$1,000 per employee HSA contribution
Employee Costs and Savings	\$2,500 out-of-pocket maximum	\$1,500 out-of-pocket maximum	\$2,000 deductible – \$1,000 HSA balance = \$1,000 (\$500 savings over HMO with \$1,500 out-of-pocket maximum)
Advantages and Disadvantages	<ul style="list-style-type: none"> — Possible higher cost to employee — Referral often needed, as well as long wait time to see specialists — Potential increased cost if physician is out of network 	<ul style="list-style-type: none"> + Possible lower cost to employee + Visit any of our 520,000 network physicians and health care professionals without a referral, pre-authorization or pre-certification 	<ul style="list-style-type: none"> + Possible lower cost to employee and employer + Visit any of our 520,000 network physicians and health care professionals without a referral, pre-authorization or pre-certification + Prospect of growing tax-advantaged employee HSA account balances

Note that this example is for illustration only and represents the potential savings that could be achieved with a UnitedHealthcare plan.

The HRA opportunity

When you pair an HRA with a medical plan, your plan provider may set certain contribution parameters. Generally, you have control over the size of the annual HRA contributions you make per employee. Your minimum contribution may be as little as half the deductible, and the maximum contribution would be equal to the amount of the deductible.

You do not have to fund the entire contribution at the beginning of the year. HRAs typically require that your account maintain a minimum balance at some fraction of the amount of your total liability.

Consumer-Driven Health plans answer concerns of your business peers.

What they want from a health care plan

- ▶ A flexible plan
- ▶ A strong network
- ▶ Minimum premiums
- ▶ A self-administered, cafeteria-style plan
- ▶ Lower deductible
- ▶ Incentives to stay healthy
- ▶ Higher deductibles with partial company coverage, hopefully resulting in an overall lower cost

Strategies for managing costs

- ▶ Review costs annually
- ▶ Increase deductible or copayment
- ▶ Offer reduced coverage
- ▶ Shift cost to employee
- ▶ Self-fund plans
- ▶ Consumer-Driven Health plans

Why UnitedHealthcare?

UnitedHealthcare offers solutions for you and your employees who are faced with rising medical costs and a complex health system.

Measurable value

With Consumer-Driven Health plans from UnitedHealthcare, affordable health care coverage can be a reality for you and your employees.

Flexible benefit designs + Extensive network choices
= **immediate savings**

Lower premiums + Health care utilization changes
= **long-term savings**

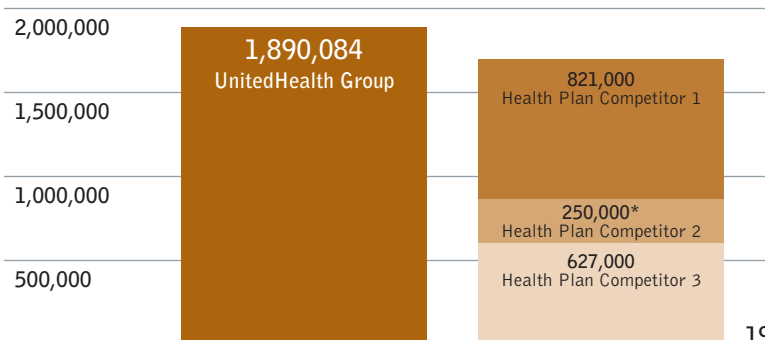
UnitedHealthcare works with you to maximize your investment in health care (delivering savings); advance employee/family health; and deliver a simpler, more personal consumer health experience.

The undisputed industry leader

UnitedHealth Group is the industry-leading provider of Consumer-Driven Health plans, serving more consumers than the next three providers combined. We've offered Health Savings Accounts since their inception, and we continue to develop and offer innovative employer-sponsored health care plans and programs that are competitive in the marketplace.

UnitedHealth Group CDH Business

Total Members (December 2006)



Source: Inside Consumer Directed Care Feb. 2007 *9/30/2006

Easy, integrated solutions

The UnitedHealthcare DefinitySM HRA and HSA funding options engage individuals in the process of making health care decisions, ultimately changing behavior and decreasing costs. We are one of the few carriers in the small business segment to offer integrated Health Reimbursement and Health Savings Account products such as the UnitedHealthcare Definity HRA and HSA funding options.

UnitedHealthcare's banking solution for DefinitySM – Exante Financial Services – offers enrollees integrated banking solutions to simplify their health care experience. As the only health and well-being company with its own bank, UnitedHealthcare is in a unique position. This solution offers enrollees administrative simplicity, plus the ability to match their eligibility data to account contributions, disbursements and balances. This is a powerful capability that none of our competitors can duplicate.

Enrollees are also able to withdraw funds from their HSA with their HSA MasterCard® Prepaid Debit Card at any point-of-service location (such as a doctor's office or pharmacy) that accepts MasterCard debit cards, or via any ATM displaying the MasterCard brand mark. They may also use online bill payment at myuhc.com® or pay by check (if checks are purchased.)

A Consumer-Driven Health plan and an HSA or HRA also links to customer service support and transactional capabilities, giving enrollees a single point of service with the ability to access their account information via myuhc.com® 24 hours a day, seven days a week.

The UnitedHealthcare difference

- ▶ **Nationwide network** of 520,000 physicians, 4,700 hospitals and 60,000 pharmacies
- ▶ **Substantial savings** from some of the industry's best discounts for covered services
- ▶ **Discount program** for health services not covered under the medical benefit plan
- ▶ **Extensive information** and decision-making support to help members understand their plan choices
- ▶ **Integrated Banking Solutions** for DefinitySM HSA and HRA simplifies the health care experience by enabling payments for qualified health services to be made directly from enrollee HSAs with their HSA MasterCard[®] Prepaid Debit Card at any point-of-service location or via auto-rollover to their HRA for direct payment to the provider
- ▶ **24/7 access** to health advocates and tools on myuhc.com[®], including health, wellness and account information; a treatment cost estimator; a hospital comparison tool; and online live nurse chat
- ▶ **Other resources** to assist in managing personal health decisions and spending
- ▶ **Quality outreach, advocacy and wellness programs**, including an online health assessment and programs to help identify individuals who may need help managing particular conditions and provide them with support tools

For more information contact UnitedHealthcare today at **1-866-799-1331**, email us at cdhinfo@uhc.com or contact your broker.



The Definity™ Health Savings Account (HSA) high deductible health plan (HDHP) is designed to comply with IRS requirements so eligible enrollees may open a Health Savings Account with a bank of their choice or through Exante Bank. "Definity HSA" refers generally to the Definity HSA product, which includes a HDHP, although at times "Definity HSA" may refer only and specifically to the Definity Health Savings Account, and not to the associated HDHP. Services supplied by Exante Bank, Inc. are not available in Hawaii, Alaska or the U.S. Virgin Islands.

UnitedHealthcare's Definity™ Health Reimbursement Account, or HRA, combines the flexibility of a medical benefit plan with an employer-funded reimbursement account.

NurseLine™ can not diagnose problems nor recommend specific treatment. The information provided through NurseLine is not a substitute for your doctor's care.

UnitedHealth Wellness™ is a collection of programs and services offered to UnitedHealthcare enrollees to help them stay healthy. It is not an insurance product but is offered to existing enrollees of certain products underwritten or provided by United HealthCare Insurance Company or its affiliates to encourage their participation in wellness programs. Health care professional availability for certain services may be dependent on licensure, scope of practice restrictions or other requirements in the state. Some UnitedHealth Wellness programs and services may not be available in all states or for all group sizes.

Insurance coverage provided by or through United HealthCare Insurance Company or its affiliates.

Administrative services provided by United HealthCare Services, Inc. or its affiliates. Health Plan coverage provided by or through a UnitedHealthcare company.

The American Council of Engineering Companies (ACEC), the ACEC Life/Health Insurance Trust and United HealthCare Insurance Company are three separate legal operating entities and, as such, the organizations are governed and function independently. UnitedHealthcare's services are provided with the authorization of the ACEC Life/Health Trust. Questions related to health benefits offered through the Life/Health Trust should be directed to 1-800-573-0415.

Insured and serviced by:



ACEClifehealthtrust.org