

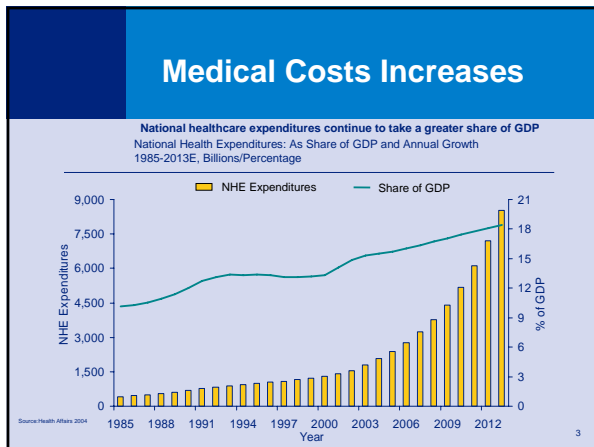
Transparency 101

Presentation by Phillip J. Haas
 Network Market Head
 Aetna Life Insurance Company

Employee Benefits Planning Association
 November 1, 2007

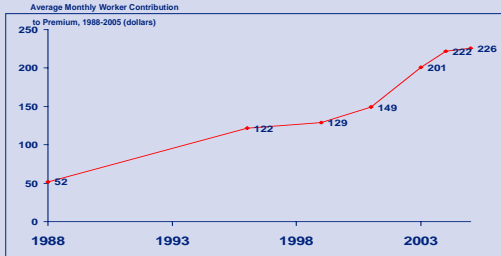
Today's Menu

- Drivers of Change
- Consumers of Health Care
- Transparency
- Payment Assurance
- Collaboration



Employer Trends

Workers are contributing a larger portion of health insurance premiums and paying more out of pocket for healthcare services

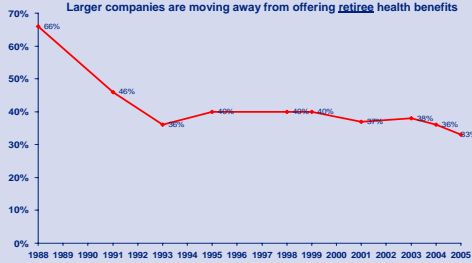


Source: Kaiser Family Foundation, 10/05

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Employer Trends

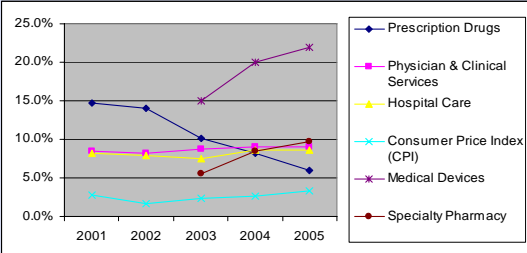
Larger companies are moving away from offering generic health benefits



Note: Large is defined as firms with over 100 workers who offer health benefits to active employees
Source: Kaiser Family Foundation, 10/05

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Medical Cost Trend Drivers

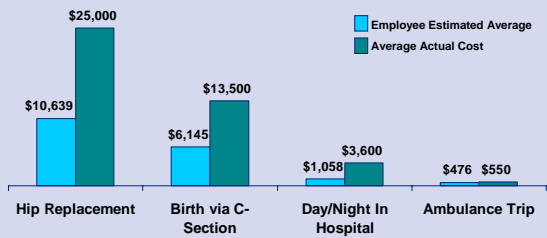


Source: Centers for Medicare and Medicaid Services (2006), Congressional Budget Office (2006)

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Do Consumers Really Understand the Cost of Health Care?

Consumer Perceptions vs. Reality of Medical Costs



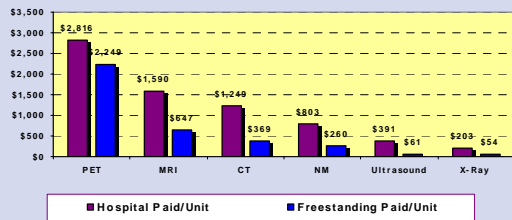
Source: Lehman Brothers, Health Insurance & Consumerism, May 2006

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Do Consumers Really Understand the Cost of Health Care?

California PPO Site of Service Cost Differentials

Radiology and Diagnostic Imaging Average Cost per Unit



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Consumer Research

How Do People Select Facilities?

How do you decide which hospital or facility to go to?	1 st Choice (% of respondents)
Covered by my health insurance plan	40
Doctor recommends	26
Best reputation for quality in the area	16
Highly recommended specialists admit there	9
Most conveniently located	5
Other	4
Recommended by family or friend	-
Least cost	0

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Consumerism – Our Beliefs Member at the Center



- ❖ HDHP, HRA, HSA, Performance Networks
- ❖ Decision Tools for Value-based Purchasing
- ❖ Personal Health Record
- ❖ Health Incentives
- ❖ **Health Care Transparency**
- ❖ Integrated Medical Management
- ❖ Wellness Programs
- ❖ Effective Communications and Education

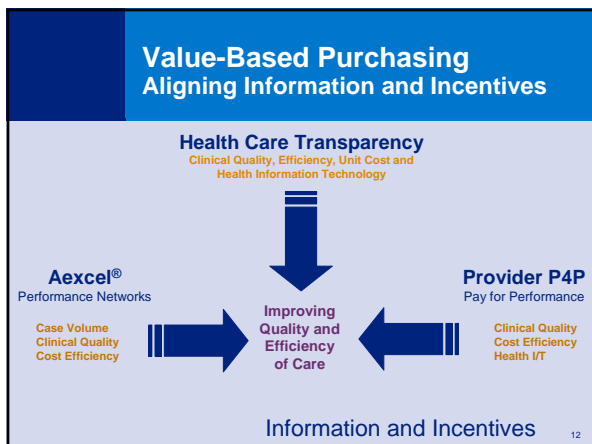
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The Transparency Cornerstone Aetna's Actions to Date

- Suite of *Best in Class** decision support tools
- Performance Networks (the Aexcel® Blue Star)
- 1st to publish *actual* physician rates
 - Expanded to clinical performance and efficiency
- Consumer-centric Personal Health Records
- Active partner with industry organizations

* Citation from BusinessWeek article

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Consumer Research How Do We Know What Members Want?

- Initial price transparency pilot and results
- Publicly available surveys/information
- Usability labs
- Iterative member and provider focus groups

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Consumer Research What we have found

- Consumers like the idea of site of service transparency
 - Information in one online location, ability to match right facility to medical condition, convenience, and peace of mind
- Searching by **site location** or by **name** of health care professional depends on the procedure type
 - Relatively high risk (e.g., cataract eye surgery, cardiac catheterization), consumers prefer searching by physician
 - Relatively low risk diagnostic procedures (e.g., CT scans, sleep study), site location is preferred method for searching
- Presenting price information so that cost of individual items are spelled out is preferred over options like one bundled price
- Descriptive indicators to show whether or not a facility meets quality requirements are preferred over symbols

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What Does Transparency Look Like?

The screenshot shows the Aetna Navigator Hospital Comparison Tool interface. Several key features are highlighted with yellow callout boxes:

- Price-A-Drug:** A box highlighting the 'Price-A-Drug' section, which shows a table of drug prices for various conditions.
- Hospital Comparison:** A box highlighting the 'Hospital Comparison' section, which allows users to compare different hospitals based on various criteria.
- Physician Unit Price:** A box highlighting the 'Physician Unit Price' section, which displays the unit prices for different physicians.
- Estimate Costs on Conditions:** A box highlighting the 'Estimate Costs on Conditions' section, which provides a detailed breakdown of costs for specific medical conditions.
- Specialist Quality & Efficiency:** A box highlighting the 'Specialist Quality & Efficiency' section, which provides information on the quality and efficiency of different specialists.
- Procedure-Based Site of Service:** A box highlighting the 'Procedure-Based Site of Service' section, which shows the different sites of service available for various procedures.

Procedure-Based Site of Service Search at Facility Level

Rates for Aetna Members

Additional Information

Analytical Surgery Center 1 Address: 123 Road Anywhere, YZ 12345 Health Plan: Aetna Choice® POS II (Open Access)	PID: 0998157 Phone: (732) 565-5400 Type of Service: Hospital
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Please Note: Displayed rates reflect the rates for the facility's own services and charges for additional services that you may receive, such as anesthesia, pharmacy, medical supplies and physician charges. Facility's rates are only one of many factors that you should consider when making health care decisions.

For a comprehensive view of all costs (for facilities and additional services) associated with these procedures, please use our [Estimate the Cost of Care Tool](#). You can view average in and out of network costs for services in your area.

To search for facilities that perform a specific procedure, please use our [Facility Procedure Cost Look-up Tool](#). You can view average in and out of network costs for services in your area. (Text 180)

Facility Procedures	Cost Range
Procedure short description/Member friendly term Description: Add long description of text for the procedure here. Add long description of text for the procedure here. Add long description of text for the procedure here. Add long description of text for the procedure here. Add long description of text for the procedure here. Add long description of text for the procedure here. Add long description of text for the procedure here. Add long description of text for the procedure here.	Managing Physician \$2,133 - \$3,000 Facility/Other \$4,000 - \$5,400 Total Range: \$6,133 - \$8,400
Search for other facilities that perform this procedure Total Knee Arthroplasty Description: Add description here	Managing Physician \$1,157 - \$1,557 Facility/Other \$2,000 - \$2,400 Total Range: \$3,600 - \$4,800
Search for other facilities that perform this procedure	

Aetna Transparency

- Price and clinical quality transparency provides members information to gauge perceived value of physicians
- Only insurer providing this information to members – price, clinical quality and efficiency
- Transparency promotes member health literacy and helps members better manage the health care system
- Likely to foster competition among providers as market economics take hold

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