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Consumer Directed Health Plans Show Costs Savings

Health Care Service Corporation Research Shows CDHP Members continuously experience lower health care costs and take more advantage of preventive health measures

Chicago, IL, July 29, 2014 - Individuals enrolled in consumer-directed health plans (CDHPs) continue to utilize health care services more efficiently, long after switching from their traditional insurance plans, according to a comprehensive data analysis by Health Care Service Corporation (HCSC), operator of the Blue Cross and Blue Shield Plans in Illinois, Montana, New Mexico, Oklahoma and Texas.

This is the third year that HCSC has done such an analysis, which includes more than five years of data. HCSC continues to invest in additional consumer focused approaches, adding more robust incentives and support tools to further enhance and personalize health care and complement both traditional and CDHP plans.

The study tracked more than 316,000 individual Blue Cross and Blue Shield members and found those migrating to a CDHP plan not only saw cost savings in the first year but continued to experience even lower health costs years later. This study measured and tracked the claims experience of members previously enrolled in traditional plans who switched to a CDHP, not just those members who selected a CDHP over those who did not.

The study found CDHP members increasingly use generic prescriptions. This increase demonstrates real behavior change through actual changes in member utilization. Consumer-directed plans, which typically feature a higher deductible, are designed to give consumers a more active role in selecting and using health care services.

The CDHP program, BlueEdge™, is offered through HCSC's five Blue Cross and Blue Shield Plans, and includes Health Savings Account (HSA) and Health Reimbursement Account (HRA) options. BlueEdge enrollment surpassed more than two million members earlier this year.

The study found that after switching from a traditional plan to HCSC's BlueEdge CDHP, members saw a three year average reduction in:

- Medical expenses – decreased by 11.8 percent
- Overall spending, combined medical and pharmacy costs – decreased by 10.5 percent
- Inpatient care costs– decreased by 23.5 percent
- Outpatient care costs– decreased by 5.1 percent
- Professional services costs– decreased by 14.0 percent

"Our BlueEdge CDHP program continues to provide members with opportunities to lower costs and get more out of their benefits year after year. The resources and flexibility provided under the BlueEdge CDHP help engage our members so they have the necessary tools to continue to make positive, informed decisions that will lead to sustainable behavior change and even lower medical costs," said Thomas Meier, vice president, product development, HCSC. "These findings continue to be significant as they paint an accurate picture of the benefits members can experience with CDHPs. This methodology and



data demonstrate real, continuous behavior change and identify greater cost-saving areas for our consumers.”

About Health Care Service Corporation

Health Care Service Corporation is the country’s largest customer-owned health insurer and fourth largest health insurer overall, with more than 14 million members in its Blue Cross and Blue Shield plans in Illinois, Montana, New Mexico, Oklahoma and Texas. A Mutual Legal Reserve Company, HCSC is an independent licensee of the Blue Cross and Blue Shield Association. HCSC has a rating of AA- (Very Strong) from Standard and Poor’s, A1 (Good) from Moody’s and A+ (Superior) from A.M. Best Company. For more information, please visit www.HCSC.com, visit our Facebook page or follow us at www.twitter.com/HCSC.