

BUILDING A CONSUMERIZED MARKETPLACE: AGENTS WILL ONCE AGAIN DRIVE CHANGE



By Greg Dattilo and Dave Racer

Never before has there been so much talk about patients having access to the price of healthcare. Politicians in Washington DC and across the country are finally sticking up for consumer-patients. They are pushing back against pharmaceutical manufacturers, medical providers and insurance companies, faulting them for the exorbitantly high cost of healthcare and insurance.

BEST OPPORTUNITY IN DECADES

The timing is right to make changes to reduce the price of healthcare—and of health insurance. Can any of us remember a time

when governments are pushing new laws that agents, brokers and consultants can so readily support? We have long known that transparent prices are necessary for a marketplace to function. Now many politicians, both in Congress and state capitals, are supporting these ideas. This presents agents, brokers and consultants with a great opportunity once again to lead.

We are perfectly positioned to advise elected officials and to educate clients about a new, consumer-friendly marketplace. Our book, *The Manual—Health Care 2020: Connecting the Dots* ([https://themanualhealth-](https://themanualhealth-care2020.com)

[care2020.com](https://themanualhealth-care2020.com)), discusses a blueprint for this marketplace.

During the rollout of the Affordable Care Act, polling companies advising government agencies found that, as a group, agents, brokers and consultants are the employer's most trusted advisors. We have earned employers' trust because we have accepted the responsibility to guide them toward informed decisions that benefit themselves and employees, not the insurance companies.

Our primary job is to insure the uninsured and to keep them insured. We sell a promise written on several pieces of paper that ensures that individuals will not go bankrupt if they become ill or injured.

We have done an incredible job advising clients, especially realizing that health insurance today often costs more than a family's monthly mortgage payment. With a

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house, individuals can receive instant gratification by simply living in it. What agents sell is something excessively expensive that clients wish never to use.

In the individual market, it is becoming increasingly difficult to convince a person to purchase health insurance. Even during a booming economy, an increasing number of employers are finding it more difficult to afford health insurance for their employees.

It falls on agents to help resolve the high cost of health insurance. No one else is advocating for their clients to find alternatives that will reduce costs. Agents, brokers and consultants need to understand why healthcare costs so much—and they need to create and implement new health insurance solutions.

LET'S CREATE A CONSUMER-FRIENDLY MARKETPLACE

In today's most-consumer-unfriendly healthcare marketplace, patients are demanding that lawmakers do something to reduce costs. Price transparency is fast becoming a consumer preference.

- Patients want to know the price of healthcare before receiving it.
- Patients are angry about surprise billing and the failure of providers to disclose up front when the charges for their care will not be covered by insurance.
- Patients have no idea they are paying twice as much, or more, as their neighbors who are seeing other doctors and using different hospitals.

As politicians began working toward more price transparency, they learned about the gag clauses in network contracts that prevent providers from disclosing their negotiated prices to patients. Now they are beginning to understand how price complexity and secrecy have worked together to create an overly expensive, consumer-unfriendly system that is becoming unaffordable.

The Kaiser Family Foundation reported that, in 2019, average annual family

premium for employer-sponsored health insurance hit \$20,576, a cost of nearly \$10 per hour.

Employer group insurance is expensive, and the cost trend is upward. During the past 20 years, the Consumer Price Index increased an average of 2.19% per year. Meanwhile, during the same 20-year period, employer health insurance increases averaged 6.1%, or 278% more than the CPI.

If we could reduce the premium inflation rate on a family health insurance plan from 6.1% to only 4.0%, in 10 years the premium for a family plan will still exceed \$30,000 per family.

Frankly, if the industry cannot reduce premiums soon, when the next economic recession hits, the private insurance market will begin to collapse.

Agents, brokers and consultants: Let's join together to do something different. Let's apply the same basic economic principles for all other products and services to how we purchase healthcare.

CONSUMERIZING HEALTHCARE

In a consumerized healthcare system, competition driven by patients will mirror the processes of other purchases in today's marketplace. It starts with patients knowing the price of care in an easy-to-understand form that they can use to compare provider prices.

We suggest a new, patient-friendly marketplace with fully transparent competitive pricing that delivers improved quality and outcomes. In this new marketplace:

- Secrecy in pricing will be eliminated.
- The patient will determine which provider to access instead of relying on the insurance company to choose.
- Physicians will have an opportunity to escape hospital health system micromanagement.
- Hospitals will openly compete, creating better quality at reduced prices.

- New insurance companies will enter the market, breaking up the current monopolies that have created and perpetuated the consumer-unfriendly marketplace.
- Governments will defer to protecting patients from the practice of unsafe medicine and drugs, and enforcing contract law, instead of trying to micromanage the healthcare marketplace.

Agents, brokers and consultants who have worked in the industry a long time remember when patients had access to pricing information. They remember that health insurance was affordable. These agents have experienced the gradual changes, the results of which we live with today.

Agents who joined the marketplace later, especially since the early 1990s, have only known managed care and the HMO age. These are the years when networks became the norm, managed care emerged and patients were conditioned to care very little about the price of healthcare. Health insurance was considered much more affordable, but those affordable premiums are now unaffordable.

AGENTS WILL LEAD

Price transparency is on the horizon—in some states, it has emerged. Now we have an option to see the sun rise instead of set on our careers. This will require our best efforts to counsel and encourage politicians and to educate clients, but with the satisfaction of knowing that, this time, they are listening.

Section I of *The Manual* explains why healthcare costs so much and illustrates the consumer-unfriendly marketplace. Section II provides solutions necessary to reduce the cost of healthcare and create a consumer-friendly marketplace. It is a reference to educate clients and to lead change that will result in an open, competitive, less-costly healthcare system.

NAHU can lead this charge that is so important to its members. With NAHU's well-established network on Capitol Hill, and through NAHU members in state

CONSUMERIZED MARKETPLACE

capitals across the country, agents, brokers and consultants have a powerful voice to drive change to reduce healthcare cost while increasing access and quality. 



Since 1975, Greg Dattilo, CEBS, has served as an employee benefits consultant offering health insurance coverage to thousands of Americans. He is the founder and CEO of Dattilo Consulting Inc. and ClientServ LLC of Minneapolis, Minnesota. Greg is the co-author, with Dave Racer, of five national books about the U.S. health care system (with more than 150,000 in print). Dattilo was

named a Fellow of the International Society of Certified Employee Benefits Specialists in 1995. He earned a bachelor's degree from the University of Wisconsin-Stout. He has served the Minnesota AHU as president and chair of its Legislative Committee. In 2009, MAHU awarded Greg the John J. Symanitz Award for his outstanding leadership and innovation.



Dave Racer received his Master of Letters Degree from Oxford Graduate School in 2009. Dave's master's thesis is titled *A Comprehensive Approach to Health Care Reform in the United States: 25 Keys to Understanding the Challenges*. Dave is a writer, researcher,

publisher, speaker and teacher. He has written and/or edited more than 50 books, 17 of which focus on health care and health finance issues—five co-authored with Greg Dattilo. Dave is a member of the Minnesota AHU. He is also a member of the Board of Directors of the Minnesota Physician-Patient Alliance, and a health care advisor to the Heartland Institute. Dave's political experience includes running for the Minnesota legislature, serving as the National Campaign Manager for Alan Keyes for President 1996, and consulting on healthcare to numerous state and federal candidates.

WORKPLACE WELLNESS

of organizational and leadership support and incentives.

“While this study reinforces the knowledge that leaders have tremendous influence when it comes to encouraging buy-in for well-being initiatives, increasing participation and outcomes requires a more comprehensive approach,” said Imboden. “Employers want to know how to move the needle on their well-being outcomes, and this study illustrates the importance of a comprehensive approach and which strategies will get you farther, faster.”

The HERO study details the specific practices most strongly associated with effective initiatives, including:

- Demonstrate organizational commitment to health and well-being.
- Engage employees at all levels of the organization.
- Develop a strategic plan and reporting for multiple stakeholders.
- Target communications to diverse groups.

- Offer financial incentives for specific activities.
- Allow benefit-eligible spouses/partners to earn incentives.
- Offer individualized, population-based programs in multiple channels.
- Offer lifestyle and disease-management programs.
- Ensure programs include robust features (e.g., social connections).
- Provide tools to track health.
- Integrate programs, communication, data and strategy.
- Integrate well-being programs with other employee benefits.

According to Sara Johnson, Ph.D., co-president and CEO of Pro-Change Behavior Systems Inc., whose organization led the analyses, the results from this most recent study were consistent with multiple areas of research, including the HERO Culture of Health Study Committee's inclusion of executive leadership, organizational leader-

ship, and policies and procedures among the 24 key elements of an organization's culture of health.

“There are many strategies employers can use to advance employee health and well-being, but research has once again shown that, for best results, a comprehensive approach is the way to go,” said Johnson. “The fact that leadership has such a strong influence is good news for employers of all sizes because leadership and cultural support for health and well-being is possible everywhere.” 

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Based in Waconia, Minnesota, HERO is a not-for-profit, 501(c)3 corporation that was established in 1997. It is dedicated to identifying and sharing best practices that improving the health and well-being of employees, their families and communities. To learn more, visit www.hero-health.org.