A New Era in the U.S. Health Care System

**Era of the Provider**
Defined by direct relationships between individuals and providers
- Direct payment from patients to providers
  - Insurance focused on catastrophic loss via indemnity plans
  - Payment system: “fee-for-service”
  - Minimal cost for employers

**Era of the Health Plan**
Defined by expanded affordable coverage made available via employer-sponsored coverage, Medicare, and Medicaid
- Increases in copay-based managed care plans helped briefly offset trend
- However, as networks expanded:
  - Health care systems became inefficient
  - Incentives became misaligned between providers, patients, and payors

**Era of the Person**
Today there is a shift towards greater personal accountability, driven by:
- Greater individual control over benefit options and care choices
- Alternatives to traditional care (e.g. tele health)
- New mobile technology

 Consumers need enhanced personal support to better understand the health care system
- For example, advocacy and navigation for patients with complex cases
A New Era in the U.S. Health Care System

A Broken Ecosystem

Health care costs within the United States are inconsistent and not on par with the rest of the world.

Pacemaker implant price range in one U.S. market:

<table>
<thead>
<tr>
<th>Cost Range</th>
<th>Number of Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>$36,000 - $165,000</td>
<td>1</td>
</tr>
</tbody>
</table>

Average cost of care compared to other countries:

<table>
<thead>
<tr>
<th>Country</th>
<th>Average Cost of Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>$95</td>
</tr>
<tr>
<td>U.S.</td>
<td>$8,363</td>
</tr>
<tr>
<td>MRI</td>
<td>$1,121</td>
</tr>
</tbody>
</table>

The shifting health care market

Key Catalysts

- New Payment Models
- New Markets
- New Taxes
- New Technology
- Provider Reorganization
- Health Plan Transformation
- Employer Evolution
- Consumer Engagement

Market Response

Employers need to view health as a continuous cycle

Support Care

- Help employees navigate the health care system (e.g., advocacy)

Need Care

- Incent employees to use consumer-centric tools for high quality and low cost care (e.g., cost transparency, provider comparison tools)

Avoid Care

- Inspire employees to maintain optimal health (e.g., wellness programs)

Private Health Exchanges

Employers can drive personal accountability through private health exchanges that enable choice and competition by:

- Creating a new dynamic market
- Empowering employees as consumers
- Lowering risk for employers
- Delivering better health care value
- Increasing innovation

Private health exchanges align stakeholders in a simple process:

1. Standardized Plans
2. Competing Carriers
3. Health Care Credit
4. Retail Shopping Experience

Since 2006, employee health care costs have increased 91%, meanwhile salary has only increased 26%.

Experts estimate that health care costs will continue to rise at 6.5% to 8% per year.

Actions consumers take more often since enrolling in an HDHP*

86% Aon Active Health Exchange vs. 50% Traditional Enrollees

Get Routine Preventive Care

Seek Lower Cost Options

30% $23

*Source: 2014 Consumer Health Mindset