

**Testimony of**

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**before the**

**United States Senate Committee on Finance**

**Monday, June 16, 2008**

**“Prepare for Launch: Health Reform Summit 2008”**

Thanks to Senators Baucus and Grassley for initiating this summit. My thanks to you, Senators Hatch and Rockefeller, for inviting me here today to talk to you about UnitedHealth Group's experience and views on the market for health care benefits.

I am Dr. Reed Tuckson, Executive Vice President and Chief of Medical Affairs for UnitedHealth Group.

Our participation today reflects our desire to be an active and engaged partner in the national effort to improve access to quality, affordable health care for all Americans. Through our words and actions, UnitedHealth Group has consistently advanced our commitment and strategies to achieve universal access to health care. This is an essential expression of our company's mission and an urgent priority for our society.

### **Who We Are and Our Broad Range of Experience**

- UnitedHealth Group is a diversified health and well-being company dedicated to making health care work better for the more than 70 million individuals we serve nationwide. We offer a broad spectrum of products and services through seven operating businesses – UnitedHealthcare, Uniprise, Ovations, AmeriChoice, OptumHealth, Ingenix and Prescription Solutions.
  - Our customers range from huge global conglomerates among the Fortune 50, to major corporations with brand names we all know, through mid-size and small employers – the retailers and regional suppliers, the mom-and-pop grocery stores and independent service professionals who keep local economies moving in this nation – to the millions of individuals who are responsible for choosing and purchasing health care benefits for themselves and their families.
  - We work with a variety of government and public entities of widely differing sizes with equally diverse challenges, from Medicare supporting the rapidly aging baby boomer generation to comprehensive state Medicaid programs to individual school systems.
  - We also partner with roughly 85 percent of the health care delivery resources in this country – we touch 630,000 physicians, some 5,000 hospitals, 64,000 pharmacies and 85,000 dentists.
  - In other words, we have an extraordinary breadth of experience working on behalf of the people who purchase health care benefits, the people who provide health care and the people who are health care consumers.

## **What the Market and Our Experience Tell Us**

- Recent market research and our experience indicate that consumers value three things most in health benefit plans:
  - Affordability – For some consumers, finding any acceptable price point is a challenge.
  - Choice – Not only having the choice of care providers, but also the ability to customize plan and cost components.
  - Simplicity – This is often cited as one of the top two reasons for product or concept appeal.
- Market research among employers is also instructive to our discussion today:
  - Cost reduction is at the top of the list for all employer groups large and small, closely followed by quality. Employers are exiting the health care market at growing rates, but many are open to alternative solutions, if price points can be met. Though small employers recognize the need to shift cost to employees, most resist doing so.
  - Employers value solutions focused on health management and deeper employee engagement. They are looking for help educating employees about health care trends, cost shifting realities and health management.
  - And again, for employers, simplicity is key – they want little disruption to the work environment when implementing a new plan or carrier.
- The health care benefits marketplace is evolving at a remarkable pace.
  - Historically passive group benefits are evolving to become fully consumer-centric. This trend is already asserting itself across America.
    - Consumers are making increasingly more informed choices based on service, quality, economics and convenience.
  - More affordable consumer product designs are being introduced in all three major benefit markets – commercial, senior and government sponsored.
    - Consumers are being given incentives to incorporate healthier behaviors into their lifestyles through benefit designs that actively involve them in their own health care.

- New programs and products are bringing previously uninsured individuals into the coverage system and this trend will accelerate, both naturally and by way of social policy.
- Employers have expectations that our industry will clearly evaluate our networks of providers in terms of quality and costs and that we will bring effective care management to the table that will allow them to make the most cost effective use of health resources and the health care dollars they are investing in their employees.
- Government-sponsored programs are continuing to expand on both the state and federal levels to benefit retirees, children and the uninsured.
  - Government-sponsored programs will ultimately need to follow commercial products and services in their consumer orientation, behavior and modernization.
- Eventually, the broad adoption of a flexible, widely accessible, modernized electronic infrastructure for the entire health care industry will enable everyone touched by health care to easily and simply conduct transactions – just as in consumer banking.

### **What We Are Learning Informs the Solutions We Are Delivering**

- Our enterprise touches virtually every aspect of health care. Our work to deliver health benefits to people who need them and to collaborate with medical professionals who provide health care present us with an ongoing learning experience.
  - At the heart of our company is a commitment to effective health care based on clinical evidence – helping Americans get the right treatment, at the right time, in the right place.
- We value our work with specialty medical societies to create measures of quality and cost-effectiveness that can be used to fairly evaluate health care networks so that consumers receive the best care.
  - For example, over the past four years, we have used clinical data to rate specialist physicians and hospitals for quality of care – it is known as our Premium Designation program.

- Based upon our criteria for the program, cardiologists performing high-intensity procedures are 20 percent more cost effective than their peers because of the quality of their care delivery.
- Our focus as an industry must continue to be on this kind of evidence-based, innovative approach along with a focus on consumer engagement.
  - For example, at UnitedHealth Group, we are introducing more low-cost products that help make health care more responsive to peoples' needs, more accessible and more affordable:
    - UnitedHealthcare's Total Choice benefit plan for mid-sized employer groups enables individual employees to assess their anticipated or typical use of various health care services – such as routine and preventive care, hospitalizations, prescription-drug use – and select the level of out-of-pocket expenses, including annual deductible, co-insurance and co-pays, to create a more personalized health plan.
  - We are also providing benefit programs that offer incentives for people to live healthier lives, to practice preventive medicine and to make better health care choices.
    - UnitedHealthcare's Edge is a new line of affordable benefits for small businesses that helps direct consumers to quality, premium network providers, particularly specialists.
    - Through our Vital Measures benefit plan, individuals and families who meet basic benchmarks for healthy living – body mass index, blood pressure, cholesterol and non-nicotine use – reduce their deductibles and lower out of pocket expenses.
  - Our industry must continue to research and develop product designs and approaches that increase the portability of benefits, expand benefits for retirees and that successfully bring more Americans who currently do not have adequate coverage into the health care system.
    - UnitedHealth Group's unique partnership with AARP through 2014, for instance, is developing products and services to better meet the needs of people over the age of 50.
  - Expanding collaboration with federal and state governments to help provide structured coverage for vulnerable populations through more public/private partnerships is an essential avenue we are pursuing.

- As an example of that kind of collaboration, our businesses – AmeriChoice and OptumHealth Financial Services – are working together with the state of Indiana to introduce an innovative and affordable solution to addressing their 562,000 chronically uninsured citizens.
  - Healthy Indiana includes:
    - Personal wellness and responsibility accounts, which will be jointly funded by the member and the state.
    - A debit-card payment mechanism, allowing members to see the cost of care and to make payments from their own account.
    - Financial incentives for recommended preventive care based on age, gender and diagnoses.
    - Incentives for members complying with evidence-based standards of care.
- These market trends – consumer-centric products and services, transparency of health care quality and costs, public/private partnerships – are here to stay and will continue to evolve as we learn more from our collaborations with all health care stakeholders.
  - As an industry, we must bring all our strength and resources to bear for the American people, working diligently for a more reliable, modern health care system.
  - All of us at UnitedHealth Group intend to continue to pursue an agenda for positive change across our enterprise and across this nation, advancing changes that improve, enhance, simplify and inform for all the participants in the health care market.

### **What We Need From America's Leadership**

- If we as a nation intend to be successful in addressing the challenges our health care system faces – the plight of the uninsured; the cumulative cost effect of advanced health care technology; the rapid aging of our population and the strains it places on our health care infrastructure – then, by necessity, we will have to work together.
  - Our nation needs to set aside theoretical or ideological approaches to health care problems. We all need to collaborate and cooperate,

focusing sharply on what works best and letting the facts chart our path to the most effective and efficient delivery of good health care for all.

- What do we need from those of you on this committee, your colleagues in the Congress and our leadership here in Washington?
  - We need you to help make universal health care access a reality.
    - The health benefits industry has tremendous resources to contribute to the collaboration of public and private entities that will be necessary to meet the needs of Americans – we have the experience, the expertise and the information. We believe two key elements to successful reform will be our ability to strengthen public-private partnerships like the one that already exists in Medicare, and to preserve and build upon the employer-based system of health coverage that 160 million Americans rely on today.
    - But the final responsibility lies with you as the voice of the people.
  - We need more clinical research to give us better information on what drugs, devices, and medical procedures work most effectively and efficiently. We need you to commit more resources for the work of the Agency for Healthcare Research and Quality and the Centers for Disease Control and Prevention.
  - We need you to lend your support for a more coherent health care information technology, to enable a better, faster, more accurate exchange of clinical research and collaboration, to speed up transactions across the health care system and to make the entire industry more transparent and easy to use for more people.
  - Finally, we need more informed health care consumers in America. Our children today are not educated in the basics of health and preventive care. They certainly are not being prepared to make the decisions and choices necessary to be effective consumers of health care resources in the emerging consumer-centric health care model. We need you to help provide the resources to support more health care education for our young people.
- Thank you again for asking me to participate in today's Health Reform Summit. I look forward to your questions.

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