



> New Year Marks Healthcare 2.0

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The New Year is upon us and it may be the most challenging start to a year seen in decades. We find ourselves in a troubled economy, with unemployment rising to levels that have not been seen in some of our lifetimes. We are in a housing crisis that generated a banking crisis, which tightened credit markets, which lead to an auto crisis. Companies are cutting back across the country and employers are continuing to move more healthcare costs and responsibilities to us as individuals.

Many who are involved in the Internet are aware of Web 2.0—the new way of doing business on the Internet. It is another change in the continued evolution of the web during its relatively short lifespan. The same can be said for healthcare. **This year will mark the start of Healthcare 2.0, a new and different model of accessing and using healthcare systems.** Are you ready for the change?

More of us are finding the cost of healthcare impacting our budgets and decisions. High Deductible Health Plans (HDHP's) continue to grow. These are plans that normally have deductibles of \$1,500 dollars or more for an individual. They generally are accompanied by Health Savings Accounts or employer-funded Health Reimbursement Accounts. These ac-

counts are the fastest-growing segment of the insurance industry as employers reach the end of their rope and individuals seek coverage they can afford on limited budgets. And more individuals are losing insurance coverage altogether. The percentage of people that have health insurance has declined for the third year in a row.

Recent research indicates that at least **one in five households has felt some level of financial impact from rising healthcare costs.** As a result, as many as 40% of households have taken action, ranging from cutting back on physician visits to not reducing medications to make prescriptions last longer. We have finally noticed that healthcare is expensive, and we are beginning to act like consumers instead of benefactors. This is not going unnoticed by the healthcare industry.

Most **providers are also noticing a reduction in their commercially-insured business.** This drop is beginning to ripple through the industry and already has a significant impact on many providers' budgets. This is because a significant portion of the margins generated by providers comes from commercially insured patients. Government reimbursement from programs



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like Medicaid and Medicare, for the most part, will only cover the variable costs of the care for those patients. They do not cover fixed or overhead costs like operations. The reduction in commercial business is dramatically impacting providers; we are already seeing cutbacks and layoffs in the industry. More of this is likely to come in 2009.

We, as consumers, will act differently in Healthcare 2.0. **We will ask questions, seek answers, make better decisions and generally be smarter about how we spend our healthcare dollars.** The main reason for this is that more of us are spending our own money. Our care is no longer our employer's responsibility, nor is it taken care of by the magic insurance card. We are spending from our Health Savings Accounts or paying out of our own pockets because of higher deductibles. We now understand the need to be better consumers, even though we have not entirely figured out how to do it. We are thirsty for information and tools to help in our new quest.

In Healthcare 2.0, we will work to find the best value for our healthcare dollars. We will use retail clinics, alternative medicines, and rely on our strong relationship with our physicians to guide us through the daunting system we do not fully understand. **We will pay more attention to wellness and prevention** as we come to realize our financial and physical futures

will be determined by the decisions we make today. We will become the consumers that we should have been all along, and make healthcare a part of our household budget. Healthcare 2.0 will be challenging, but essential to understand, as work to change the system continues on all levels.

Are you ready?



WAVE Strategy, LLC is a full-service healthcare research and marketing agency, located in Madison, WI and Minneapolis, MN. Together, Partners Wayne Glowac and Dean Halverson represent decades of marketing expertise.

Questions or comments?

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