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An Interview with Jonathan Hensley, President of Regence BlueShield in Washington

Jonathan Hensley is the President of Regence BlueShield in Washington in Seattle, WA. The Regence BlueShield service area is primarily Western Washington. David Peel, Publisher of the Washington Healthcare News, asked Mr. Hensley a few questions in this January 2010 interview.

You have held several executive positions in the Washington State healthcare system. You were vice president of sales for Regence BlueShield from 2004 to 2007 and CEO of United Healthcare's Pacific Region from 2007 to early 2009. How are you adapting to your new role as President of Regence BlueShield in Washington?

I love my job at Regence. Regence is a different kind of company – it's non-profit; the company lives by its values, and has a long and unique history both in the Washington community, and in the healthcare

industry. Regence grew out of the community-oriented healthcare

illnesses or injuries among their members. Even after 92 years of doing business, this community spirit is still alive at Regence today. What I enjoy most about my job is the connection to the community and the businesses we serve, even in the toughest times. It's more important now than ever to play our part in providing affordable benefits to meet the varying needs of the 20,000 business customers we serve here in Washington – from sole proprietors to the largest and most sophisticated employers.

Healthcare reform will affect health insurance companies in positive and negative ways. What do you see as the top three positive and top three negative aspects of healthcare reform using the recently passed Senate bill as the basis for your com-

ments.

A lot has changed recently in the push for healthcare reform, and a



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system formed by Northwest loggers in the early 1900s to pool their resources to pay for catastrophic

lot still remains to be determined before we see a final outcome. As the debate continues, we at Regence remain committed in the belief that reform is necessary. Some of the positive and negative aspects we have seen to this point include:

Positive:

- Increased public awareness of reform issues, which is critical to getting it right. Many more people are much more aware now of the reasons why reform is necessary and are more engaged in the process.
- Eliminating medical underwriting – the dreaded pre-existing conditions – we want to get rid of that as much as everyone else.
- Funding for related issues such as comparative effectiveness and electronic medical records. This is where the federal policy can really help the industry as a whole to get moving in this direction, to make sure our dollars are well-spent on care that improves outcomes.

Negative:

- Weak incentives for everyone to get covered. This is a package deal – if people want insurers to take the risk of covering their costs, then the more people who share the risks, the fairer the costs that are spread among all of us.
- Downplaying costs is hazardous. A lot of work has been done to identify cost drivers, and the entire health sector, including insurers, needs to change the way we do things to lower costs.

- Finding the right funding for subsidies and other costs is challenging, and Congress needs to be aware that taxes on medical devices, insurers, “Cadillac” plans etc, are likely to make premiums more expensive. That makes it all the more important for us to do everything we can do bend the cost curve.

Through innovative educational programs, such as Whatstherealcost.org, Regence has been able to help create awareness among our members and the public about this critical issue of cost, and how everyone can have a meaningful positive impact to help keep healthcare affordable. Ultimately, everyone has a role to play in reforming the healthcare system.

Again, using the recently passed Senate bill as the basis for your comments, what type of health insurance products (individual, small group, etc.) will fare better and what will fare worse.

We hope that reform will encourage, rather than stifle, innovation. What we don’t want to see is a set of mandates on what insurers need to cover and how services are delivered. We see this as an opportunity to partner with all players in the healthcare system – doctors, hospitals, employers and members – to come up with ways we can improve care. One example of this kind of collaboration is comprehensive wellness programs that are being adopted more widely, and with great success in improving health, reining in healthcare costs, and importantly for employers in the current economic climate, increasing employee productivity.

Regence has implemented our own integrated wellness program, in which more than 68 percent of our employees participated in 2008. What we found was that participants showed 20 percent less likelihood of unplanned absence and 28 percent less likelihood of disability. In addition, participants with monetary incentives had claims that averaged \$66 a year less than nonparticipants. We estimate that the return on investment (ROI), even after applying program costs more rigorous than any published study to date, was an average \$1.59 for every \$1 invested (productivity savings + claims cost savings).

By being able to demonstrate this kind of return to our customers, we have grown our membership in our Vitality product, which features comprehensive wellness incentives, to more than 300,000.

We believe a key component of any kind of healthcare reform is engaged consumers who actively take a role in their healthcare decisions. We would hope that we would have the opportunity to innovate in the areas of wellness, consumerism and partnerships with all stakeholders to add value to the system. We need to be careful not to simply create a bureaucracy that does not add value.

Moving away from healthcare reform, what new products and features can we expect from Regence BlueShield in Washington over the next year.

Regence has been at the forefront for several years in providing innovative products that focus on improving cost and healthcare quality. We hope to roll out prod-

ucts with new features that provide customers and members with more affordable benefit choices. Our overall goal is to build programs

and services that support and engage consumers to stay well and reduce health risks, and deliver ever better and more comprehen-

sive tools and information to help them make informed healthcare decisions.

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