

BRIEF ANALYSIS

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Managing Health Care with the Internet

By Devon Herrick

The Internet is the right tool at the right time to allow Americans to manage their own health care. It is changing the entire health care environment for physicians, insurers and patients. The Internet offers the possibility of one-stop shopping — enabling consumers to compare and price health plans, choose their doctors, apply for insurance coverage, check on the status of claims submitted, and pay premiums online. Consumers might also be able to schedule appointments, ask questions by e-mail, compare treatment options and allow health plans or physicians to more closely monitor chronic conditions. For health insurers, online insurance promises to reduce administrative costs and allow insurers, providers and patients to negotiate for medical services in a competitive marketplace.

Further, the electronic marketplace encourages product developers to meet the needs of health care consumers, reducing transaction costs and providing choice and information.

Managing One's Own Health Care. Opponents of empowerment argue that consumers lack the expertise or desire to manage their health care spending. However, data about Internet usage refute that contention.

- A recent Harris Poll estimated that up to 70 million people looked on the Internet for health information during a recent 12-month period.
- Forrester Research recently found that nearly one-third of online consumers already shop for health products on the Web.

- According to Cyber Dialogue, an Internet research firm, of the 90 percent of Internet users who have health insurance, 78 percent said they would be interested in managing their benefits through an insurance carrier's Web site.

Cyber Dialogue also found that its respondents are interested in using the Internet to verify that insurance covers a medical service (67 percent), check the status of claims filed with an insurer (56 percent), find a doctor or a hospital (47 percent), shop for competing health insurance plans (47 percent), file claims (40 percent) and enroll in a health care plan (26 percent).

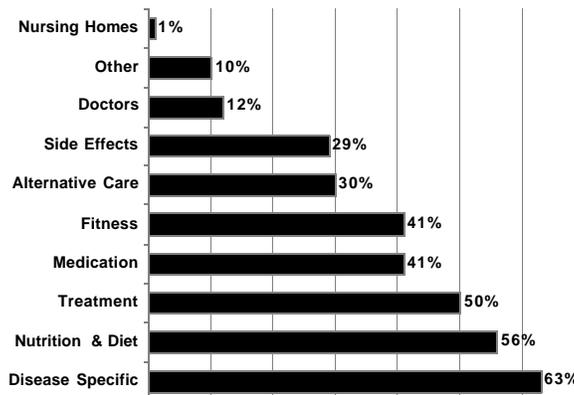
Clearly, people do not want to be passive health care recipients. A recent article in *USA Today* proclaimed that “[a] motivated patient who wants to learn about just one condition easily can surpass a doctor's knowledge of its latest developments after just a few days on line.”

Health Insurance on the Internet. Insurance policies can provide disincentives for wise health care consumption. However, the Internet provides the means to choose the most

appropriate policy to manage one's health care needs. A new venture, eHealthInsurance.com, sells a whole range of policies with different levels of coverage. For example, it offers high-deductible, catastrophic insurance policies for 80 percent less than low deductible policies in some cases. According to estimates from eHealthInsurance.com, a 35-year-old male could buy individual catastrophic coverage with a \$2,000 deductible in Dallas, Texas, for \$49 per month. The same 35-year-old male could just as easily pay \$286 for a managed indemnity policy with a \$250 deductible. Consumers can find this information and more on the Internet.

Health Information Sought on the Internet

(Percent of Persons Polled)



Source: J. D. Power and Associates and BetterHealth.com

Moving to the Internet Age. Another new health insurance company — HealtheCare.com — plans to offer a medical savings account (MSA) specifically designed for consumers who want to manage their health care via the Internet. An Internet-savvy health maintenance organization (HMO) or Preferred Provider Organization (PPO) could offer customers the ability to check benefits, verify coverage and even analyze treatment pricing online. The insurer might give advice on cost-saving treatments or information about charges. Consumers' choices would be limited only by their willingness to spend what is essentially their own money.

Empowering Patients. During office visits, doctors have little time to explain treatments, drug interactions and alternatives. On the Internet the information available to the patient is unlimited. [See the figure.] Patients can also make better use of the data from tests. Internet-based patients' medical records could be stored electronically and accessed from anywhere with the patient's permission. Prescriptions ordered over the Internet could be delivered directly to patients or made available for pickup at a participating pharmacy. Prescriptions filed electronically could become a permanent part of patients' medical records.

Networked providers could post prices for various disease-specific procedures, and consumers could shop online for treatment packages including everything from x-rays to standard lab tests. Disease-specific providers could negotiate for ancillary services, and providers with excess capacity or a seasonal lull in demand might even offer discounts.

Among the most frequented Internet health information sites are those devoted to chronic diseases. Web sites cover the medical spectrum from such relatively obscure diseases as Bell's palsy to more common (and more serious) conditions such as breast cancer. Patients learn about new treatments and new drugs not only from health researchers and health care providers but also from others with the same disease. Increasingly, patients

seek information online about enrollment in drug trials for their conditions.

Effect on Quality of Treatment. All of these Internet capabilities provide improvements in the quality of treatment. E-mail exchanges with physicians might preclude some office visits, and necessary visits could be scheduled online.

The Internet also has the potential of helping patients better manage their medication. Pharmacies could automatically send refill notices before prescriptions expire. Web site links with pharmaceutical indications, interactions and patient information could be sent by e-mail.

Research by American Healthways, a disease management firm, found it is possible to sharply reduce overall health care spending and improve patients' health by using disease management. Many patients do not follow treatment protocols — the noncompliance rate is an estimated 50 percent for many chronic illnesses. The Internet could improve this rate through support groups, e-mail reminders and other followup mechanisms. Since physicians would prescribe electronically over the Internet, and the patients would order and pay for the medication by debiting their insurance, data could be captured on which prescriptions are being taken as well as on how closely physicians' recommendations are followed. Online support groups might share their experiences with side effects or noncompliance.

Conclusion. Patients will become far better consumers of health care as they gain access to knowledge. If Internet use only lowers health care spending, that will be an achievement. But patients using the Internet will likely benefit from improved therapy and lower insurance prices as well. The Internet will break barriers to real competition in the health care marketplace, giving patients more say in the quality and cost of their health care.

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