

# *Educating Consumers and Inspiring Responsibility*

*Richard L. Boals, President and CEO*

*May 17, 2007*



An Independent Licensee of the Blue Cross and Blue Shield Association



## The Delicate Challenge

- Health Care Costs – the ever-increasing concern for everyone
- Consumer Lifestyle – a critical component for curbing costs
  - A sense of lifestyle entitlement in the U.S.
  - Role of health insurance is changing
    - Education
    - Motivation



## Impact of Lifestyle Decisions on Health Care

- Health insurance pays claims associated with...
  - Smoking – Tobacco use causes more deaths each year than HIV, illegal drug use, alcohol use, motor vehicle injuries, suicides and murders combined
  - Obesity – Precursor to diabetes and heart disease
  - Drug Abuse – Abuse of drugs is a persistent problem, misuse of prescription medications continues to increase
  - Trauma Injury – Often preventable *and* predictable



## Smoking

- Cigarette smoking is the single most preventable cause of premature death in the United States – 1 in 5 deaths in the United States is smoking related
- Americans spent an estimated \$88.8 billion on tobacco products in 2005





## Smoking consequences

- Lung cancer
- Coronary heart disease
- Stroke
- Respiratory health conditions
- Problems from smoking while pregnant



## Smoking

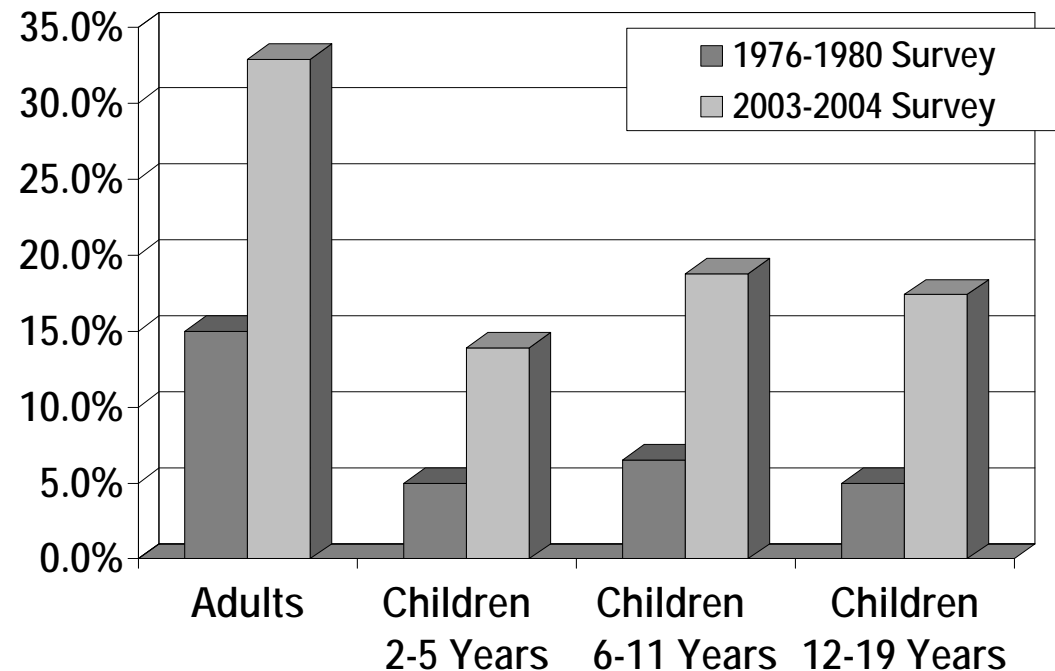
- From 1997–2001, cigarette smoking was estimated to be responsible for \$167 billion in annual health-related economic losses in the United States
- \$75 billion in direct medical costs and \$92 billion in lost productivity
- Translates to about \$3,702 per adult smoker



## Obesity

- In the past 25 years, the percent of the U.S. adult population who were overweight more than doubled
- During the same span, the percentage of overweight children in the U.S. had tripled

Percentage of U.S. population that is overweight





## Obesity consequences

Hypertension (high blood pressure)

Osteoarthritis

Type 2 diabetes

Coronary heart disease

Stroke

Gallbladder disease

Sleep apnea and respiratory problems

Some cancers (endometrial, breast and colon)



## Obesity

Annual U.S. medical expenditures attributable to adult obesity was estimated to reach \$75 billion according to a 2004 report published in the medical journal *Obesity Research*.



## Drug abuse

*The Economic Costs of Drug Abuse in the United States*,  
a 2001 Office of National Drug Control Policy report

- Health care costs attributed to drug abuse reached \$12.9 billion annually
- Productivity losses reached \$98.5 billion annually



## Trauma

- In a typical year in the U.S., injuries cause more than 147 thousand deaths, 2.6 million hospitalizations, and 36 million emergency department visits, according to the U.S. Dept. of Health and Human Services
- In 2000 alone, the 50 million injuries that required medical treatment cost \$406 billion
  - \$80.2 billion in medical costs
  - \$326 billion in productivity losses



## BCBSAZ Employees

*It starts at the workplace, that's why we offer...*

- Tobacco-free campus & smoking cessation programs
- Weight management support
- Company fitness center
- Pre-employment and random drug testing
- Performance Plus bonus rewards wellness activity participation



## BCBSAZ Members

*It continues with customers...*

- HealthyBlue and My BluePrint
- Health coaches
- Weight loss program discounts
- Medical outreach, such as flu shots and Mobile Onsite Mammographies
- Enhanced product options, such as for Health Saving Accounts



## BCBSAZ Community

### *WalkingWorks* for adults...

#### 2006 *WalkingWorks* Results

<b>Total minutes</b> walked by all registrants:	<b>13,625,207</b>
<b>Total miles</b> walked by all program registrants:	<b>871,540</b>

Through Dec. 31, 2006, there have been **19,190 Arizonans registered** for the *WalkingWorks* program since its inception. **More than 1,100 BCBSAZ group customers** have employees who have registered.



## BCBSAZ Community



## *Walk On!* for kids

In 2007...

- More than **10,000** Arizona fifth-graders participated
- They walked more than **3 billion steps** during the *Walk On! Challenge* in February



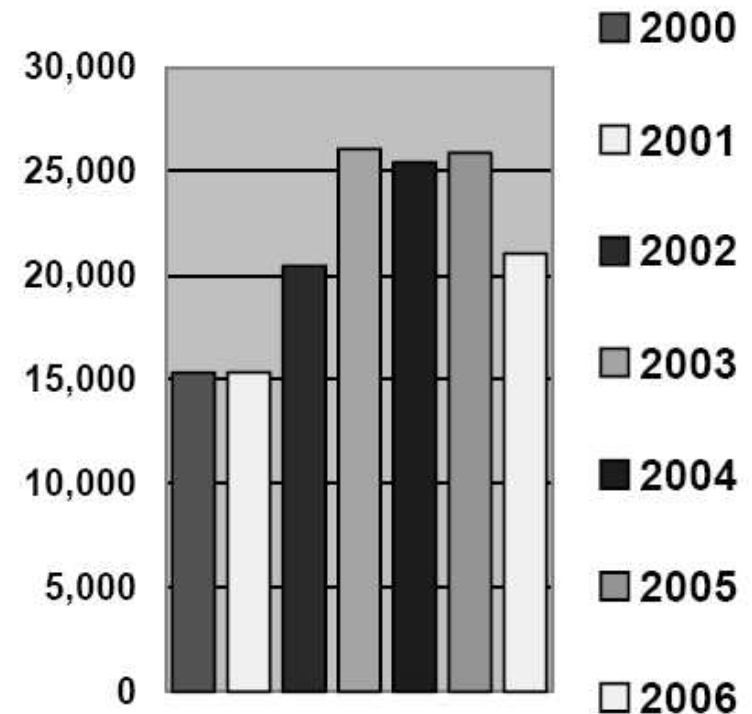
## BCBSAZ Community

### The Health Safari

Since 1989, it has provided free basic health screenings to **more than 250,000 children**



Number of Children Screened Per Year





## BCBSAZ Community

### Hot topic education

(ex. workplace productivity, Gardasil vaccine)

Health Safari

*WalkOn!* for kids

*WalkingWorks* for adults



J.D. Power and Associates 2007 Health Insurance Plan satisfaction Study: Blue Cross plans outperform private companies in overall service experience

“Privately held Blue Cross Blue Shield plans tend to outperform public and non-Blue plans because members rate them higher for provider choice, coverage and benefits and because they are engaging members more effectively with health-related information and communications.”

– *David Stefan, executive director, J.D. Power and Associates*

# Opportunities



Blue plans have an opportunity and obligation to do more...but we don't have to do it alone

We can partner with others

We can partner with each other

The choice is ours: Wait to see how we'll have to change, or change the industry so health care consumers can change too.