According to a June 23, 2004, Wall Street Journal article, Whole Foods, the 159-store Texas-based grocery chain, has adopted a consumer-driven health plan that slowed the growth of its employees’ medical costs in the first year of operation.\(^1\) However, it remains to be seen whether consumer-driven health plans will negatively affect the health of employees who have chronic medical conditions.

Under traditional health plans, employees pay a premium that is taken out of each paycheck and must meet an annual deductible of at least a few hundred dollars. After the premium and deductible is paid, the health plan will pay for most of each employee’s health care costs. In the HMO setting, employees generally have lower premiums and no deductibles although they pay a small fee each time they visit a doctor.

Under Whole Foods’ plan, employees without dependents are not responsible for any health insurance premiums after a few months on the job, but are responsible for meeting a $1,500 annual deductible (including $500 for prescriptions and $1,000 for all other medical costs).\(^2\) Each year, Whole Foods puts money into each employee’s savings account that may be used to cover health care expenses.\(^3\) The amount of money Whole Foods deposits in each employee’s savings account depends on the length of


\(^2\) Id.

\(^3\) Id.
employment, and generally ranges from $300 to $1,800 per year.\(^4\) When an employee wants to spend savings account funds, the employee uses a debit card and the money is drawn out of the account.\(^5\) After an employee reaches his or her deductible, Whole Foods’ plan operates more like a traditional plan, picking up 80% of most medical expenses.\(^6\) Employees who do not spend all of the money in their savings account may use the left-over amount in future years.\(^7\) John Mackey, Whole Foods’ founder and CEO, learned of the idea for his health plan from a book entitled “Patient Power,” published in 1992 by the Cato Institute, a libertarian think tank.\(^8\) Companies such as Lockheed Martin Corp., Medtronic Inc., and Wells Fargo & Co. offer similar plans as a choice alongside their more traditional insurance options.\(^9\) Whole Foods’ employee savings accounts are similar to the health savings accounts created by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.\(^10\)

Whole Foods’ hope was that employees would behave as if the savings account funds belonged to them and, thus, would become more conscious health care consumers.\(^11\) The theory appears to be working. According to Whole Foods’ figures, its employees’ overall medical claim costs dropped thirteen percent during 2003, and hospital admissions per 1,000 employees fell twenty-two percent during the same year. At the end of 2003, Whole Foods’ workers had a combined $14 million left-over in their savings accounts, which will act as a “damper” for future years.

\(^4\) Id.
\(^5\) Id.
\(^6\) Id.
\(^7\) Id.
\(^8\) Id.
\(^9\) Id.
\(^11\) Lieber, supra note 1, at A1.
At a time of higher-than-ever health care spending, Whole Foods’ ability to reduce its employees’ health care costs appears commendable. However, the long-term effects of Whole Foods’ health plan and other consumer-driven health plans on the health of employees with chronic medical problems must be considered. Because some employees with chronic conditions may not be able to control the frequency with which they visit their doctors or the costs of their medical treatments, one possibility is that such employees will be discouraged from seeking health care that exceeds their savings account funds.

---


13 For example, diabetics are at risk for numerous health conditions including, but not limited to, heart disease, blindness, kidney failure, and lower extremity amputations not related to injury. DEPARTMENT OF HEALTH AND HUMAN SERVICES, CENTERS FOR DISEASE CONTROL AND PREVENTION, IS DIABETES A SERIOUS PUBLIC HEALTH PROBLEM?, available at http://www.theglassceiling.com/health2/he_19dia.htm. Studies involving the U.S. health maintenance organization population and the U.S. Medicare population estimate that the annual health care costs of individuals with diabetes are 2.4 and 1.7 times higher, respectively, than the annual health care costs of individuals without diabetes. See DIABETES (IN THE WORKPLACE), WELLNESS COUNSEL OF ARIZONA, available at http://www.welcoaz.org/diabet.html (citing Selby 1997, Nichols 2000, Krop 1999). In Sweden, the excess cost of healthcare for diabetic individuals has been estimated to be $4,743 for men and $4,976 for women in the first year after diagnosis. Id. (citing Jonsson 2000).