

How to Communicate Consumer-Driven Health Plans:

Consumer-driven health plan (CDHP) designs are simply high-deductible health plans with spending or reimbursement accounts. But they present unique employee communication challenges. Most employees do not buy high-deductible insurance for their cars. Why would they want it for something far more important—their health care? Employees for many years have relied on the comfort of low co-pays, low deductibles, and little to no interaction with their personal health care cost.

The biggest communication challenge is to engage the individual to view health care on an annual holistic approach compared to an individual point of sale daily purchase.

Here are five things you can do to help successfully introduce to your clients a consumer design that includes health savings accounts (HSA) or health reimbursement arrangements (HRA).

1. Understand the clients desire to move to a HDHP and make the expectations clear. Have you ever taken on a project and had no idea of what to do or how you would know when you've done it well? It's a frustrating experience. So:

- Don't assume your clients---know how to be savvy health care consumers. Most likely, you want employees to become more involved in looking for effective health services and treatments at cost-effective prices—especially for their non-emergency care. That's what employees need to know.

- Educate clients and employees on what consumerism is and why is it important in health care. Explain to your clients as consumerism increases competition increases and prices are more competitive and become transparent.

- Before introducing your consumer design, be sure your communication program provides multiple meetings to get a client or employee familiar with the role of the consumer. By clearly communicating what's expected, you'll get fewer cynical and emotionally charged statements such as, "If I am paying for such a large deductible I clearly will not go to the physician as much and save money and become sicker over time!"

- A powerful way to help employees learn about what they can do is through actual examples of situations that could happen on a HDHP vs. their current plan. Give specific examples of common surgeries or hospitalizations i.e. pregnancy, to help educate the employees on the actual cost of health care services. Clearly communicate that these plans have varying levels of savings depending on the employee's personal health conditions and utilization.



2. Disarm the emotional deductible sticker shock. Medical plans are the most emotionally sensitive benefit you offer. Any time you communicate with employees about medical plans, they can become deductible fearful. Some of that is because too many medical plan communication programs have over emphasized deductibles and co-pays while ignoring the valuable financial protection. So:

- Ask a few employees how much they'd have to pay if one of their enrolled family members had \$500,000 in medical bills. Employees will often guess around \$10,000 to

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\$30,000 or more. Yet most HDHP plans limit the employees' out-of-pocket expense to around \$3,000 to \$4,000 a year. In addition, the plans typically provide several million dollars in protection over each enrolled person's lifetime. For employees, the high-level of financial protection is the real value of the plans. And it's something every employee should know.

- As noted, stories are also an effective way to show the financial protection the plans provide. Some "real life" descriptions—with proper privacy protection—can help employees learn about the actual costs paid by the plan and by employees for major health expenses such as heart attacks, kidney transplants, premature babies and more.

- Early in your communication, set the stage by informing employees that the new design is totally different—unlike anything they've seen. Explain the HSA or HRA account first. This is especially important if it contains an employer contribution. For example, if the high-deductible plan is described before explaining the HSA or HRA account, you can expect a strong negative first impression that will be difficult to overcome.

- If you have a dual option plan that does not include an employer-contributed HSA or HRA account, start the explanation of those options by explaining there is no employer-contribution account available. This creates a more uniform framework for communicating all the options—first the account, or lack of one, and then the plan.



3. Communicate the new approach as a program—not two new separate elements. A consumer-involved design is easiest to understand when it is communicated as a "program." The *account* is the initial protection provided by the program. The *medical plan* provides enormous back-up protection, as well as preventive care coverage. So:

- Each time you show the high-deductible amount, be sure to precede it with a description of the amount available from the account.
- By communicating the two elements (account and insurance plan) as one program, you can help eliminate some confusion—especially about HSAs. Unless the employee is enrolled in an IRS-defined HDHP and meets the other requirements, HSA contributions are not eligible.
- If you're introducing HSA's or HRA's, consult your ERISA advisor to help make certain you've not endangered the non-ERISA standing of HSAs. You may want to add an acknowledgment on the enrollment form (paper or electronic) something like, "I understand the HSA is not an employer-sponsored ERISA plan." Keeping HSAs non-ERISA while communicating them as part of a program will take some careful word crafting.

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- By the way, if your client decides not to provide employer contributions to the HSA or HRA you should expect the employees' reaction to be similar to that of a 401(k) plan that has no employer matching contribution.

4. Describe HSAs, HRAs and FSAs as completely different—not as almost the same. The HSAs, HRAs and flexible spending accounts (FSAs) have one main thing in common—health expenses. The way they work, what they cover, whose money is being spent, and other important factors are all different. Moreover, not all the accounts can work with all the medical options. These plans can be quite confusing so do not feel you must have all the answers.

5. Show how Health Care costs are important. If you're making strong statements about the importance of health plan costs, be sure your words are backed up by your understanding of common health care drivers.



- Have high-fat foods and candy been removed from company areas? Have signs been posted in smoking areas stating the medical plan's cost for smoking-related illnesses—and why are there smoking areas? If medical plan costs are important, the company should act like it.

- Have you made it clear whose money is paying for the medical plan? Do you provide a total rewards statement annually to all employees? Too many employees naively think some insurance company's money is paying their benefits. That's because the fundamentals of health plan financing have rarely been clearly explained. Do employees know what the total cost of health care is including employee and employer contributions?
- Employees need to know that all the money that pays for their medical benefits comes from the employer *and* employees. No "rich insurance company" is footing the costs. And ultimately, the money the company pays, and the money employees contribute from their paychecks, comes from one source—customers.
- No matter which medical option employees select, they need to have a better understanding of health plan financing and whose money they're spending. The consumer-involved designs send a clear "spend the money like it's your own" message. All the options should be communicated this way. So do not say, "Your health *insurance* pays..." Instead, use a consumer-tone and avoid the word insurance. Say, "The health services and supplies you *buy*...using money from the plan."

Remember: The goal should be to get all employees more involved in the purchase of their health care—not just the ones who sign up for a consumer-designed plan.